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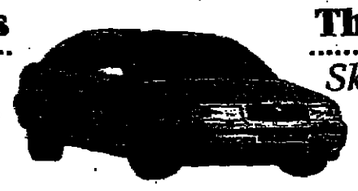
FINANCIAL TIMES

Conglomerates
Adding value through diversity
Tony Jackson, Page 17



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Skoda's drive upmarket
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UK and Emu
Confronting the impossible choice
Martin Wolf, Page 16

Panama
Lowering the Stars and Stripes
Survey, Pages 11-14

World Business Newspaper http://www.FT.com TUESDAY OCTOBER 1 1996

German unions threaten action over contracts

Germany's industrial relations dispute worsened as engineering employers told unions that they want to re-negotiate most fringe benefits in employment contracts. Engineering union IG Metall responded with a threat to take strike action on a scale similar to the 114-day stoppage in 1956/57, when it secured some of the benefits. Page 18

Eurotunnel fears: Anxieties about the future of Channel tunnel operator Eurotunnel deepened after it missed the deadline for a refinancing agreement with its banks and requested the suspension of its shares. Page 19

Olivetti, the Italian information technology group, underlined its serious financial position when it revealed debt had nearly doubled between the beginning of July and the end of August. Page 18

Autoliv in US deal: Sweden's Autoliv and Morton International of the US plan to create the world's biggest car airbag and seat-belt supplier, with annual sales of $3bn and more than 40 per cent of the airbag market in the US, Europe and Japan. Page 19; Lex, Page 18

Threat to N Ireland talks: The Northern Ireland peace process appeared close to collapse last night, amid new fears about the loyalist ceasefire after Protestant paramilitary prisoners announced they were withdrawing support for the talks. Page 18

Japan chemicals warning: Falling domestic prices, overcapacity and stiff Asian competition will weaken the credit quality of Japan's chemicals industry in the next three to seven years, Moody's, the credit rating agency, warned. Page 19; Pensions warning, Page 22

Russian Communists celebrate win: Russia's Communists celebrated a victory in weekend elections in the St Petersburg region, raising concerns that the Kremlin's grasp on the Russian provinces could be weakened in several regional polls due later this year. Page 2

Meat-eaters tax proposed: A leading US environmentalist has proposed a tax on eating meat as a way of releasing urgently needed grain supplies for direct human consumption. Page 6

Tokyo opens up telecoms competition: Japan's telecom authorities have opened the market to greater competition with the licensing of cable TV company Titus Communications to offer telecom services for the first time. Page 5

EU birth rate hits post-war low: The birth rate in the 15 European Union states dropped to 1.43 children per woman, its lowest since 1945, down from an average of 1.5 during 1990-94.

Swiss vote for Nazi review: Switzerland's lower house of parliament voted for a sweeping study of Swiss financial dealings with Nazi Germany and the fate of Jewish wealth deposited before, during and after the second world war. Page 3

Australian shooting 'not guilty' plea: Martin Bryant, the man accused of Australia's worst mass killing, pleaded not guilty to 35 counts of murder in a Tasmanian court following the massacre in April at Port Arthur.

Appendix operation for Pope: Pope John Paul II will enter hospital next week for surgery to remove his appendix. It will be his sixth period in hospital since his election in 1978.

British prime minister John Major welcomes his Pakistani counterpart, Benazir Bhutto, to his official residence at 10 Downing Street. Ms Bhutto is on a two-day visit to the UK before travelling to Washington to discuss reviving payments on a $600m International Monetary Fund loan. Bhutto positive on Taliban, Page 7

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STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	5,904.73	(+31.81)
NASDAQ Composite	2,131.89	(+1.84)
Europe and Far East		
CAC40	2,132.81	(+25.76)
DAX	2,851.85	(-7.19)
FTSE 100	3,953.7	(+7.3)
Nikkei	21,556.40	(+8.36)

US LUNCHTIME RATES

Federal Funds	5%
3-mth Treas Bills: Yld	5.028%
Long Bond	97 1/4
Yield	6.923%

OTHER RATES

UK: 3-mo Interbank	5 5/8%	(5 7/8%)
UK: 10 yr Gilt	98 1/2	(98 5/8)
France: 10 yr OAT	102.82	(102.84)
Germany: 10 yr Bund	101.01	(101.15)
Japan: 10 yr JGB	101.3229	(100.9229)

NORTH SEA OIL (Argus)

Brent Dated	$23.20 1/2	(22.865)

GOLD

New York: Comex		
(Dec)	$390.5	(382.8)
London:		
close	$378.65	(381.0)

DOLLAR

New York: lunchtime		
£	1.56415	
DM	1.5265	
FFr	5.1655	
SFr	1.255	
Y	111.55	
London:		
£	1.5634	(1.5637)
DM	1.5253	(1.5243)
FFr	5.1613	(5.1517)
SFr	1.2536	(1.2559)
Y	111.375	(110.815)
Tokyo close:		Y 111.8

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DM	2.3846	(2.3834)

Abu Dhabi	Dh7.5	Gibraltar	£0.75	Lithuania	Lts 18.00	Qatar	QR13.00
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Bahrain	Dh1.300	Hong Kong	HK$20	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDh18	Slovak Rp	Sk75
Cyprus	C£1.50	Iceland	Kr260	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kc70	India	Rs75	Nigeria	Naira125	Spain	Pts250
Denmark	Dkr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr25
Egypt	E£5.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	EKr 28	Japan	Y500	Pakistan	Rs50	Syria	S£80.00
Finland	FM13.00	Jordan	JD1.75	Poland	Zl 6.00	Tunisia	Dlr2.000
France	FFr12.00	Kuwait	Fils.750	Portugal	Int'l end	Turkey	L120,000
Germany	DM4.00	Lebanon	L£3500		Es255	UAE	Dhr3.00

Washington dismisses Palestinian call to delay Mideast summit

US pushes on with peace talks

By Judy Dempsey in Jerusalem, Sean Evers in Cairo and Lionel Barber in Luxembourg

The US pledged yesterday to press ahead with a crucial summit on the Middle East peace process despite calls from the Palestinian and Egyptian leaders to postpone it until there was a clear agenda.

The White House dismissed the appeals from Mr Yassir Arafat, the Palestinian leader, and Mr Hosni Mubarak, Egyptian president, to delay the summit with Mr Benjamin Netanyahu, Israeli prime minister, saying: "If we are going to break the cycle of violence, we need a re-engagement of the parties at the highest level, and a delay is not going to produce that."

The Washington summit was called on Sunday by President Bill Clinton in a desperate attempt to save the Middle East peace process, amid warnings by the Arab world that the region could be thrown into a new era of instability with repercussions for the international community.

Mr Dennis Ross, the senior US co-ordinator for the Middle East peace talks, said he expected Mr Arafat to attend.

Mr Arafat was last night en route to Luxembourg for a brief visit aimed at winning European support before deciding finally whether to attend the summit, provisionally scheduled to start today.

Under French pressure, the Irish presidency of the European Union issued a last-minute invitation to Mr Arafat to hold talks with EU foreign ministers. The gesture reflected frustration that the EU has failed to become a heavyweight broker by exploiting its role as a significant paymaster in the US-dominated Middle East peace process. Almost three quarters of the aid to the Palestinian territories comes from the EU.

Several EU governments were irritated when Mr Clinton failed to ask the Europeans to the summit. Those invited included King Hussein of Jordan and Mr Mubarak, who last night confirmed he would not attend.

Earlier in the day, Mr Arafat – anxious to extract concrete results from the summit, in particular a timetable for the long-delayed redeployment of Israeli troops from the West Bank town of Hebron – met Mr Mubarak in Egypt.

Mr Mubarak had blamed Israel for not implementing the 1995 Israeli-Palestinian agreement as well as its refusal to close a controversial tunnel exit in the old city of Jerusalem. This sparked last week's violence between Israeli troops and Palestinians.

Israel yesterday indicated it would not compromise on the tunnel and insisted it would not reward Palestinian violence. However, Mr Netanyahu last night showed the first signs of compromise over the Hebron issue. In Amsterdam on his way to Washington, he said he would propose the two sides "meet right after the meeting in Washington, in a location to be determined, to engage in continuous negotiations until agreement is reached [over Hebron]".

Arafat's gamble, Page 6; Editorial Comment, Page 17

Shake-up likely if Alcatel wins Thomson bid

By Hugo Dixon in London

Alcatel Alsthom, the French telecommunications and power group, plans to shut Thomson Multimedia's US factories if it is successful in its bid for the company. It would shift production to Thomson's facilities in Mexico, where workers are cheaper.

The French government is expected to decide by mid-October whether to sell Thomson SA to Alcatel or Lagardère, the French defence and media group. Thomson consists of two parts: Thomson Multimedia (TMM), a consumer electronics company; and Thomson CSF, a defence manufacturer.

Alcatel's plan would be part of an effort to turn around the loss-making group. Alcatel also intends to rationalise TMM's six brands in Europe to cut the cost of marketing and support. One option would be to use RCA, TMM's main US brand, as its brand for Europe.

Alcatel is also considering whether to manage Thomson Multimedia from France. One possibility would be to run the company from the US, given that most of its sales are there.

If Alcatel wins the contest for Thomson, it intends to sell a majority of TMM to a partner specialising in consumer electronics. The group would then not be required to consolidate all of TMM's FFr14bn ($2.76bn) in debts on its balance sheet.

Alcatel expects to press ahead with TMM's restructuring immediately if it wins the Thomson battle on the grounds that it would be important to cut costs rapidly. Executives do not know how long negotiations with partners would last and believe that prospective partners would not object.

Although Alcatel does not wish to manage TMM in the long term, it believes there could be value in staying as a minority partner. This is partly because it thinks TMM has a strong position in digital consumer electronics products – such as pay-television decoders and digital video discs – for which demand is expected to grow.

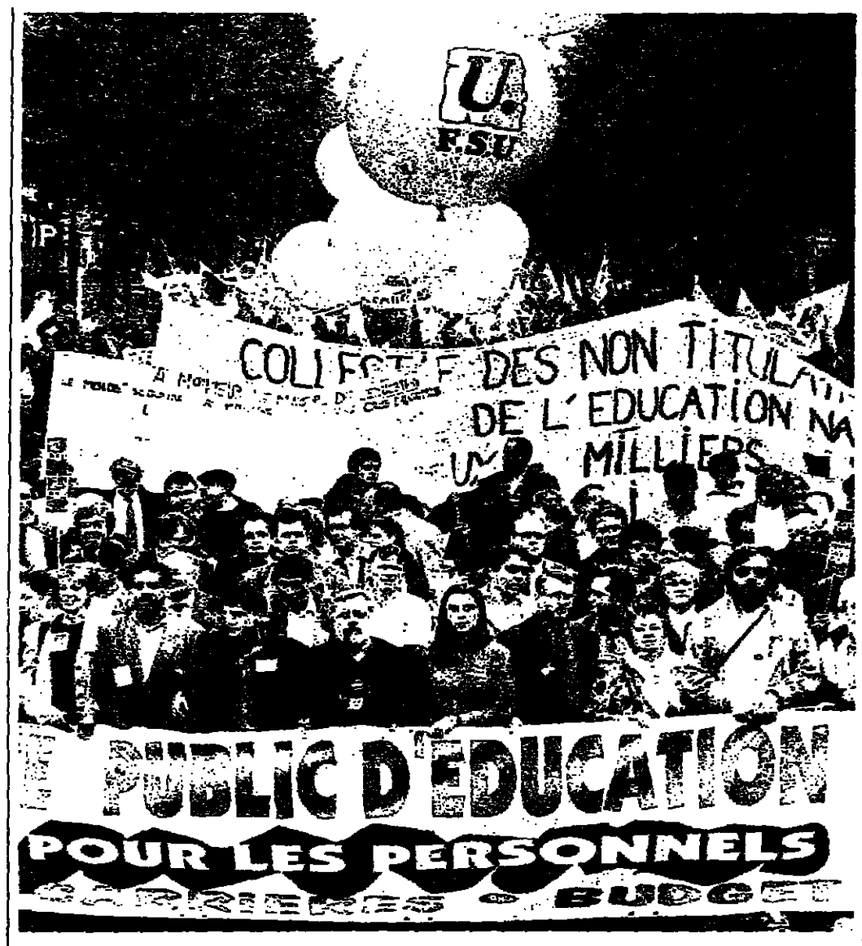
As part of its bid, Alcatel has asked the French government to recapitalise Thomson by writing off some of its debts. But this is not expected to be sufficient on its own to make TMM a viable concern.

If Alcatel is successful in buying Thomson, it plans to acquire the minority of Thomson-CSF, which is not owned by the French state. This would be done by offering shares rather than cash.

Alcatel would then expect to put Thomson-CSF into a joint venture with another European defence electronics group. Britain's GEC-Marconi is the favoured partner.

Alcatel executives believe there could be big savings from combining the two businesses. They say they would be surprised if 20 per cent of the combined FFr12bn annual research and development budget could not be cut.

Lex, Page 18



Thousands of French teachers march yesterday through the streets of Paris in protest against government plans to cut more than 2,000 education jobs. Hundreds of schools – mainly primaries – were closed as similar demonstrations took place in other parts of the country. New head for French unemployment fund, Page 3; German industrial unrest, Page 18. Picture: Reuter

Setback for ABB as $5.5bn Malay dam deal is delayed

By James Kynge in Kuala Lumpur and William Hall in Zurich

The signing of a contract to build a $5.5bn hydro-electric dam in Malaysia was postponed for the third time yesterday, the latest setback in the country's ambitious plans to build what would be south-east Asia's biggest dam.

No new date has been set for the signing ceremony to award the construction contract to an international consortium led by ABB, the Swiss-based international electrical engineering group.

ABB is confident the project, the biggest in its history, will go ahead. The contract is important because of its size – ABB will account for over half the total value – and also because the company believes it will be a showcase for its advanced technology in long-distance power supply. ABB expects to be notified "within a few days" on a new date for the signing ceremony.

Ekran, the Malaysian company managing the building of the dam, yesterday declined to comment on the delay. News of the postponement pushed Ekran's shares down 1.82 per cent yesterday to M$10.80 (US$4.3), following a 5.2 per cent fall on Friday.

The fall came amid speculation that Mr Ting Pek Khiing, the company's executive chairman, is falling out of favour with Dr Mahathir Mohamad, the prime minister.

The Malaysian leader is a firm supporter of prestige infrastructure projects. But yesterday's development is the latest in a series of setbacks for the dam, which has caused him mild embarrassment. The project, which is being built deep in the forests of eastern Malaysia's Sarawak state, has provoked intense environmental protests.

Dr Mahathir may press for a rapid solution and analysts say the latest setback is unlikely to scupper the project.

It has recently emerged that that Mr Ting is at odds with a Sarawakian politician – Mr Wong Soon Kai, former president of the Sarawak United Peoples Party (SUPP) – who is known to be a close associate of Mr Mahathir.

At the weekend Mr Ting said that three Sarawak newspapers partially controlled by him were being unfairly blamed for the unexpected election defeat of Mr Wong. The SUPP, part of Malaysia's ruling coalition, Barisan Nasional, recently called on its members to boycott the three newspapers because of what it called unfavourable election coverage.

Frigidaire frontal assault puts US in a spin

By Richard Tomkins in New York

Mickey Mouse, Big Macs, Levi's, Coke – Europe is for ever complaining that its culture is being overwhelmed by the US.

But at last there is one area in which European culture looks poised to triumph – the laundry.

Until now, Europeans and Americans have held sharply diverging opinions on washing machine style. Europeans have preferred front-loaders, while Americans have stuck to top-loaders.

But now the days of the top-loader may be numbered. Amid growing concerns in the US about water and energy conservation – and the looming threat of federal regulation on the issue – US washing machine manufacturers are beginning to switch to the European format.

Last week Frigidaire became the first US manufacturer to introduce a large-capacity front-loader to the market. Maytag, another big US manufacturer, is preparing one for launch next year, and other companies are expected to follow.

To Europeans, the US preference for top-loaders has always seemed inexplicable. In top-loaders, an agitator grabs clothes at the centre of the tub and pulls them violently to and fro, while clothes at the outside of the tub tend to stagnate in a lagoon of dirty water.

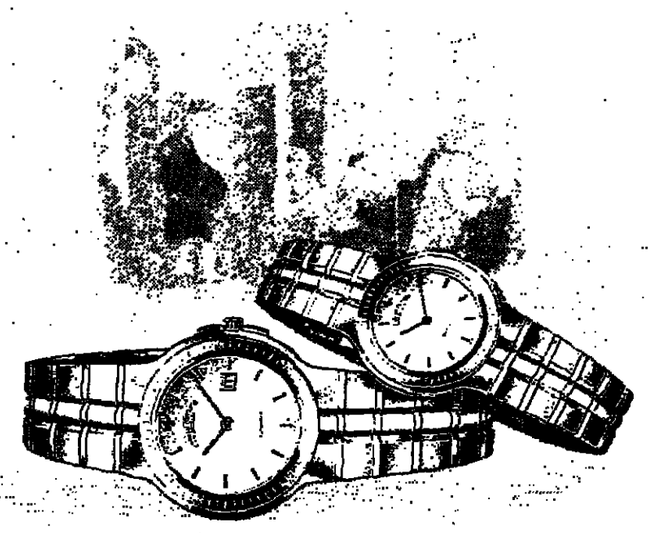
In contrast, the European-style front-loader has a rotating drum which lifts and plunges clothes in a tumbling action, producing a gentler and more thorough wash. It rinses better, too.

Americans, however, see things differently. Filling a front-loader means bending down, they say; the top-loader holds more clothes; and, most importantly, cheaper manufacturing costs mean top-loaders are about $200 less than front-loaders.

Still, there is no disputing

Continued on Page 18

WITH A MASTER'S TOUCH AND THE TEST OF TIME



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Russian Communists hail upset win in regional poll

By Chrystia Freeland in Moscow

Russia's Communists yesterday celebrated an upset victory for their candidate in weekend gubernatorial elections in the St Petersburg region, raising concerns that the Kremlin's grasp on the Russian provinces could be weakened in a spate of regional polls due later this year.

But the Moscow-backed governor of Rostov, an agricultural region in southern Russia, kept his job in a simultaneous Sunday ballot, making it difficult to see a clear pattern.

Altogether, Russia is electing 52 governors and 32 mayors in an exhausting round of regional voting which will bring democracy at a local level for the first time ever to many provinces.

Of the four gubernatorial ballots held so far, Communist-backed candidates have won two, while two incumbent local leaders, backed by President Boris Yeltsin's administration, have held on to their posts.

The Communist performance has been stronger than many government aides, still savouring their landslide victory in the July presidential race, had expected at the start.

"They are stronger not only than my own predictions but than the predictions of the Communists themselves," said Mr Sergei Markov, a political scientist at Moscow State University. Political strategists attribute this in part to worsening economic conditions in many Russian regions.

"The closer we get to winter, the better the results will be for the Communists," said Mr Alexei Sitnikov, president of Image-Kontakt, a political consultancy which helped the re-election of Rostov's governor. "Wage arrears and shortages of fuel for heating cannot fail to influence the election results."

Analysts also believe that growing political uncertainty in Moscow – where Mr Yeltsin's heart problems have set off a covert struggle for power among his would-be successors – could hurt the Yeltsin team's performance in the regions. Mr Sitnikov said Moscow intrigues were already being played out in the provinces, where Kremlin rivals have begun to back their personal protégés, rather than uniting behind a single pro-Yeltsin candidate.

Some observers also believe the Kremlin infighting may be a distraction for Mr Anatoly Chubais, the president's chief of staff and head of the government's overall campaign.

Communist leader Gennady Zyuganov at a press conference after the poll results. He called on Boris Yeltsin to step down because of his ill health Reuter

Bosnia's presidency meets in Sarajevo

By Laura Silber in Sarajevo

Bosnia's new joint presidency met yesterday at a Sarajevo motel for the first time since their election earlier this month. The presidency is one of the crucial over-arching institutions aimed at joining Bosnia's two halves, Republika Srpska and the Moslem-Croat Federation, in a loose union.

Mr Alija Izetbegovic, Moslem chairman of the presidency, Mr Momcilo Krajisnik, his Serb counterpart, and Mr Kresimir Zubak, a Croat, met alone, according to international officials. "There are no aides and supports, no members of the international community there to talk to them. They are starting the first meeting of what is going to be the supreme authority in this country," said Mr Michael Maclay, spokesman for Mr Carl Bildt, international envoy to Bosnia

Under tight security, Mr Krajisnik, who drove down from Pale, his mountain stronghold, and Mr Zubak were the first to arrive. Mr Izetbegovic, presidency chairman after narrowly defeating his Serb rival in the September 14 general elections, arrived an hour after the meeting was scheduled to begin.

He had been in talks with international officials who had spent the past fortnight in frustrating efforts to get the three parties to agree on an agenda and venue, including problems with time zones when the part of Bosnia under Moslem control on Sunday set clocks back and forward again.

The row over the location cast doubt on hopes voiced by diplomats that from now on the parties could decide their own agenda – and run their own country.

Mr Bildt later cautioned that there were no guarantees the agenda he had put forward for the meeting would be followed.

Spin doctors take leaf out of Machiavelli's book

Chrystia Freeland on how full-time campaign managers are prospering in the rough and tumble of post-Communist polls

With his smartly tailored navy suit, constantly ringing palm-sized mobile telephone and unbeatable Kremlin connections, Mr Viacheslav Nikonov could pass for one of the brash bankers spawned by Russia's wild lurch into capitalism.

Instead, the grandson of Stalin's foreign minister belongs to another of post-Communist Russia's exotic new species. As one of the country's most plugged-in political strategists, Mr Nikonov represents the nascent breed of full-time professional campaign managers who are the foot-soldiers of Russia's democratic revolution.

Most of Russia's self-dubbed political strategists or consultants cut their teeth on the elections of the Gorbachev era, which, for all their restrictions, were the Soviet Union's first taste of democracy. By this year, they had learned enough to help spin President Boris Yeltsin from single-digit approval ratings in January to a strong re-election victory over his Communist challenger in July.

Now they are turning their skills to the autumn marathon of regional elections, in which voters from Kaliningrad to Kamchatka are selecting 52 new governors and 32 new mayors.

As he ushers an anxious governor facing an electoral battle in late October into his white-walled office, Mr Nikonov explains that Russian political life has today become more exciting than his first love – the massive, highly polished machine of US politics.

"Our life is totally unpredictable. Can you say what will happen in six months?" asks Mr Nikonov, who wrote his PhD dissertation about the US Republican party and peppers his conversation with references to US political history. "That's why I stopped being involved in American politics and became involved in Russia. US politics is too boring."

Russia's new political professionals have certainly brought a creativity and sophistication to the nation's once monotonous politics which many western campaigns would envy.

Consider the tactic which Mr Alexei Sitnikov, president of Image-Kontakt, a Siberia-based political consultancy, used to persuade the voters of southern Russia's traditionally pro-Communist "red belt" to back Mr Yeltsin this summer.

When they walked into their local shops one sunny Saturday morning, voters in the towns and cities of Russia's black earth region discovered that the relatively rich variety of consumer goods available after five years of market reforms had been replaced by the dismal subsistence supplies of the Soviet era: bread, vinegar, salt, matches and a few dusty jars of jaundiced conserves. Above the empty display cases signs warned: "This is what you will get if you vote for the Communists."

To add verisimilitude, some stores even offered to sell goods at Soviet-era prices – less than 1 per cent of today's inflation-hit rates – to customers who could produce their old ration cards. Mr Sitnikov says it was an offer many elderly ladies took advantage of, stocking up on bread for less than a penny a loaf.

Even with this steep discount, Mr Sitnikov says that what was dubbed "Operation Empty Shelves" was an effective wake-up call for voters with rose-tinted memories of the difficulties of life under communism. But putting it together was an organisational and analytical challenge.

"First, we had to do studies to see if such an action would antagonise the population. And then we had to convince all the private merchants to take part," Mr Sitnikov explains. "Imagine how much money they lost by taking their goods off the shelves for that day. But, in the end they agreed to do it because they didn't want the Communists to win."

Mr Sitnikov, a 34-year-old professor of psychology, has also come up with a response to the negative campaigning which Russian politicians employ with even more zeal than their western counterparts. When one of his clients, the mayor of a big Siberian city, was accused of having built himself a lavish country dacha with pilfered government funds, Mr Sitnikov's team responded by helping a reporter paid off by the opposition – a standard Russian political practice – to find the address of what was supposedly the mayor's dacha.

Only after the photographs of the luxurious rural manse had been published did Mr Sitnikov's team produce the actual owner of the dacha, a man who shared the mayor's surname but was otherwise unconnected with him.

Clever strategies like this are also the province of another one of Russia's leading consulting firms, Niccolo M, named in honour of Niccolo Machiavelli, the Renaissance pioneer of professional political advising.

Housed in a cramped Moscow apartment with five accessory-loaded computers packed into a single room, Niccolo M is the brainchild of a group of former Soviet academics who have transformed their theoretical research into one of the country's best-known campaign organisations.

For would-be leaders who cannot afford personal service, Niccolo M has followed the example of Machiavelli himself, whose profile adorns the company's business cards, and published guidebooks to a successful political career.

One of them, "Imidzh Lidera" (Image of the Leader), urges modern-day princes to model themselves on a historical hero, to cultivate ties with religious organisations, and to vanish periodically in order to test the reaction of their subordinates. It is the sort of advice which Mr Yeltsin himself appears to have taken to heart. He has been in seclusion for three months, has taken to frequenting churches after a life of atheism, and has recently been compared to Peter the Great by his chief of staff.

Yet for all their admiration of one of the west's most notoriously ruthless political theorists, the strategists at Niccolo M are guided by one strict ideological precept – they do not work for hardline Communists. It is a rule obeyed by all of Russia's top political strategists. Even Mr Nikonov – named after his grandfather, Viacheslav Molotov, who was one of Stalin's leading henchmen for a time – is a committed opponent of Russia's Communist party.

Backed by the financial muscle of the nation's new business class and the brain of this new breed of professional politicians, the Kremlin elite whom Russians refer to as "the party of power" seem likely to remain in charge for some time to come.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone +49 69 156 850. Fax +49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer und in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 5376 8254. Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.
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Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
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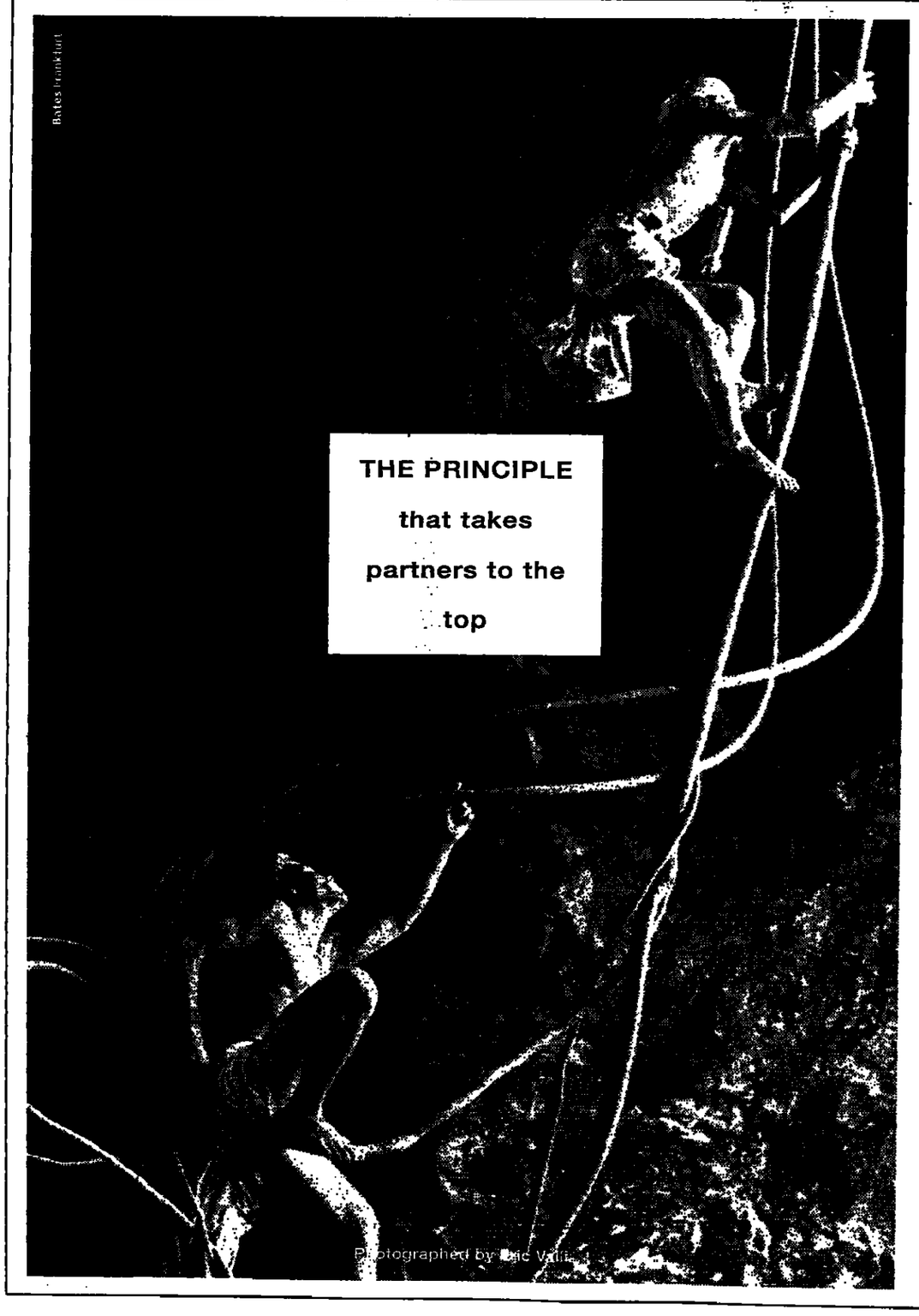

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EUROPEAN NEWS DIGEST

EdF president row settled

A compromise has been reached in the row over the attempt by Mr Edmond Alphandéry, president of électricité de France (EdF), to increase his management hold on the world's largest electricity producer. The industry ministry reversed Mr Alphandéry's attempt to abolish the number two job of chief executive, announcing the appointment of Mr Pierre Daurès as chief executive of the state-owned utility.

Mr Alphandéry recently proposed a sweeping reorganisation, involving the shift of the current number two, Mr François Ailleret, to run EdF International, and the demotion of several of his subordinates, among them Mr Daurès. This triggered law suits by EdF executives and unions, who accused him of illegally concentrating too much power in his own hands.

But Mr Alphandéry has won his argument that he should at least name the number two, who until now has been appointed, like the EdF president, directly by the French government. The row had threatened to aggravate already tense industrial relations between the EdF president and the unions. *David Buchan, Paris*

Swiss back Nazi probe

Switzerland's lower house of parliament yesterday voted for a historical study of Swiss financial dealings with Nazi Germany and the fate of Jewish wealth deposited before, during and after the second world war.

The National Council endorsed a decree put forward by the cabinet, sending the measure for final approval to the upper chamber of parliament. The 162-0 vote indicated final approval was likely.

The decree creates a commission of experts empowered to lift tight bank secrecy rules to establish an account of Swiss commerce with Nazi Germany. It will also review how much wealth was deposited with Swiss banks and other financial companies by Jews and other victims of Nazi persecution and whether the Swiss have done enough to identify the lost assets. The commission could start work as early as April. *Reuter, Berne*

Turkey to meet Libya on debt

A team of Turkish trade officials headed for Libya yesterday ahead of the visit this week by Mr Necmettin Erbakan, Turkey's prime minister, to secure Tripoli's outstanding debts of up to $365m to Turkish building contractors, government officials said.

The treasury and foreign trade officials will begin talks with Libyan officials on ways to speed up payment of the Libyan debts, mostly for projects completed before 1990, officials said.

A government spokesman told a news briefing that Mr Erbakan was expected to meet Mr Muammer Gadaffi, Libya's leader, this weekend. The meeting is part of Mr Erbakan's six-day trip beginning tomorrow that includes Egypt and Nigeria.

Mr Erbakan's talks with Libya are also expected to dwell on boosting bilateral trade, which rose to $623m in 1995 from $498m a year ago. *Reuter, Ankara*

Simitis heads for Cyprus

Mr Costas Simitis, Greek prime minister, heads for Cyprus today – a week after reshuffling his government – signalling the priority given by Athens to the divided island.

Mr Simitis is expected during his visit to reiterate that European integration for Cyprus is a "very important political choice" and that his government "will work towards it with all its strength", the official said.

The premier chose to kick off his two-day visit on the day the island celebrates its 36th year of independence. Mr Simitis, who was elected head of government by the socialists in January, legitimised his position when his Panhellenic Socialist party (Pasok) won the September 22 parliamentary elections. *AFP, Athens*

Estonia steps up sell-off

Estonia will reorganise its state companies into joint-stock or holding companies and sell majority stakes or daughter companies to investors, the Estonian Privatisation Agency (EPA) said yesterday.

The idea was to sell stocks rather than assets to make the privatisation flexible, said General Vaino Sarnet, EPA director. Having sold off many of its industrial companies, Estonia is now engaged on the sale of large companies such as Estonian Energy, Tallinn Port, Estonian Railways, Estonian Oil Shale and Estonian Telecom.

Mr Andres Lipstock, economics minister, said the privatisation programme for Estonian Oil Shale and Estonian Energy must be signed by November 1 and the other companies had to complete their plans by next January 1. *Reuter, Tallinn*

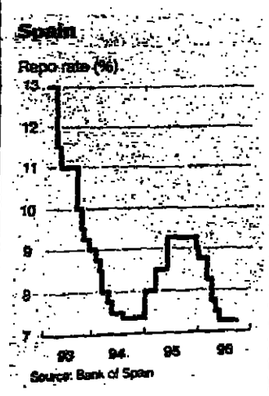
Denmark's GDP rises

Denmark's gross domestic product was 2.2 per cent higher in the second quarter than the same period last year, taking first half growth to 1.6 per cent, the Office of Statistics said yesterday.

GDP was 1 per cent up on the first quarter after a 0.6 per cent rise in the previous three months. The main factors driving first half growth were export demand, up by 3.1 per cent, private consumption, up 2.5 per cent, and gross fixed investment, up 5.4 per cent. Imports, however, increased by only 0.7 per cent. *Hilary Barnes, Copenhagen*

ECONOMIC WATCH

Spanish rate cut expected



The presentation of a tough Spanish budget, aimed at meeting targets for the European single currency, has raised expectations of a cut in interest rates by the Bank of Spain later this week. Analysts expect the central bank to reduce its benchmark rate at its regular auction on Thursday by up to half a point from the current level of 7.25 per cent, set in June. Mr Rodrigo Rato, economy and finance minister, said yesterday that the government believed it had "fulfilled its obligations" on reducing inflationary pressures through budget cuts.

But he emphasised that it respected the Bank of Spain's independence in reaching its decision. An interest rate cut would ease the Pta3,478bn ($27.8bn) debt-servicing burden forecast in the 1997 budget sent to parliament yesterday, a 1.9 per cent increase over this year.

Under the budget forecast, Spain's public debt is set to start declining as a proportion of gross domestic product, from 67.5 per cent this year to 67.2 per cent. However, this would still be above the 60 per cent target level set for European monetary union.

Mr José Folgado, state secretary for the budget, said the total stock of debt would increase by around Pta2,000bn to Pta52,600bn. The government sees the country qualifying for the other single-currency criteria of budget deficit, inflation and interest rates. *David White, Madrid*

CDU aiming for 35% top tax rate

By Peter Norman in Bonn

The Christian Democratic Union led by Chancellor Helmut Kohl is aiming for a top income tax rate of about 35 per cent compared with 53 per cent at present as part of a far-reaching reform of Germany's tax system, a senior member of the party said yesterday.

Mr Hans-Peter Repnik, the party's deputy leader in the Bundestag, the lower house of parliament, said Germany's present income tax system was too complex, lacked transparency and was socially unjust. Giving a first indication of CDU plans for an "ambitious reform" to take effect on January 1 1999, he said an initial tax rate of under 20 per cent was needed compared with 25.9 per cent at present.

Although the issue of tax reform has hogged the headlines in Germany since the early summer, the CDU was silent about its plans until yesterday. The top and bottom tax rates mentioned by Mr Repnik at a tax conference organised by the party were at the lower end of expectations and show that Mr Kohl intends to make tax an important part of the campaign to re-elect the present governing coalition in the general election in late 1998.

Mr Repnik said the party's tax plans would send a "strong signal" to foreign investors that had been avoiding Germany because of its high tax rates. Mr Wolfgang Schäuble, the leader the CDU and Christian Social Union parties in the Bundestag, added that the reform would boost investment, growth and jobs.

Earlier, Mr Theo Waigel, the finance minister and CSU leader, told the conference that Germany needed a "decisive breakthrough" on tax reform. Tax rates had to be lowered, the tax base broadened and the tax system simplified, he said.

But Mr Waigel was less specific than Mr Repnik in detailing future tax rates. The minister said the top rates for income and corporation tax should be cut "massively" so that Germany could compete with foreign countries where top rates were between 35 per cent and 40 per cent.

He also called for a "marked" cut in the initial tax rate without specifying a level.

The minister held out the prospect of a DM20bn to DM30bn ($13bn to $19.7bn) net easing in the tax burden.

While reduced tax rates would cut taxes by between DM80bn and DM90bn, the government aimed to finance much of this by elimination of tax breaks.

"There can be no taboos," Mr Waigel said. "There will be tough discussions and hard decisions."

Mr Waigel's lack of precision over tax rates yesterday was a sign that he needs to balance more interests than the CDU in the lengthy process of bringing income tax reform to a successful conclusion.

The CDU is due to make the issue a main theme at its annual conference in Hanover later in October. The resolutions passed there will influence the work of a commission of politicians and tax experts being chaired by Mr Waigel due to agree the outlines of the government's tax reform programme by the end of this year.

The government proposals will turned into a draft bill by the finance ministry next year and discussed with business lobbies, the trade unions and the Christian churches, which will be involved because they are financed through taxation. Only after these consultations will proposals will be put to the cabinet.

New head for French unemployment fund

By David Buchan in Paris

The French employers' federation yesterday voted in a moderate union leader, Mrs Nicole Notat, as the head of the country's Unedic unemployment insurance committee. The move could push her defeated rival, Mr Marc Blondel, into stronger protest action on jobs and budget cuts.

Mr Blondel, head of the Force Ouvrière federation and a prime organiser of last December's public sector strikes, complained that the government had unfairly twisted employers' arms to vote against him.

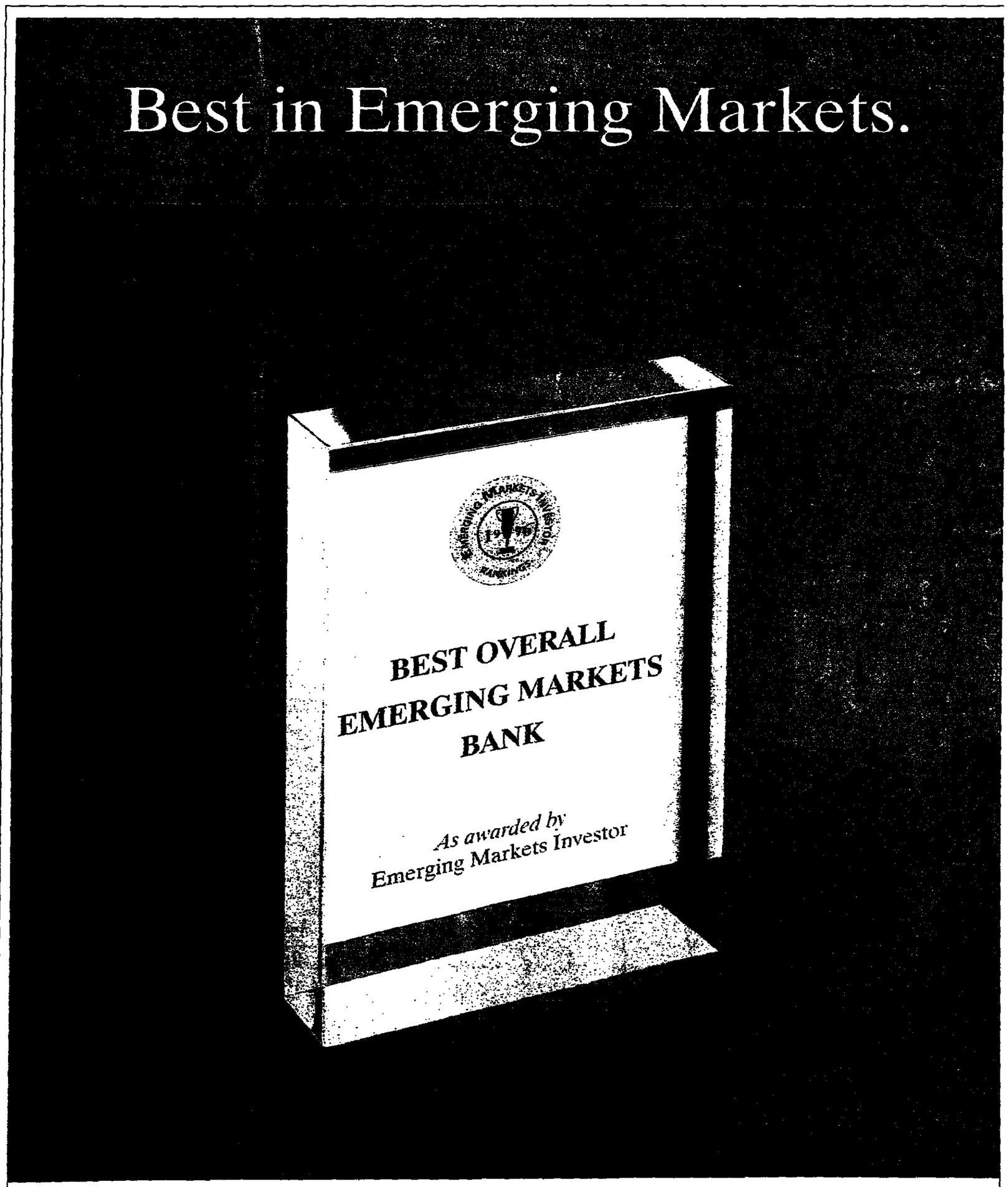
Employers have the same number of seats on Unedic as the unions, but their bloc vote gives them the power of decision over France's chronically divided unions in picking a new president for Unedic every two years.

Mr Blondel's defeat had not been a foregone conclusion. Some employers and government officials thought it better to corral the FO leader inside the system than have him as a loose cannon outside, and because he had toned down his rhetoric.

But Mr Blondel now has little to lose by confrontation, with the FO having earlier this year lost its 29-year chairmanship of the health insurance scheme – another division of the French welfare state which is co-managed by employers and unions. In contrast to the FO and Mrs Notat's CFDT federation, the country's third big union federation, the pro-Communist CGT, has stayed, or been kept, outside the social security administration.

As the Unedic decision threatened to radicalise FO, around half the country's state school teachers held a one-day strike yesterday in protest at planned job cuts in the 1997 budget. The education ministry said the strike hit primary more than secondary schools, reflecting the fact that the axe is to fall mainly on primary teaching jobs, because of declining pupil numbers.

The government is struggling to prevent record unemployment, which reached 12.6 per cent in August, translating into record unpopularity with the voters. Yesterday, it sketched out a long-prepared welfare reform, directed at the chronic jobless. Its chief feature would be to get regional governments to create some 300,000 new "local initiative contracts" spread over the next five years and financed largely out of existing social security allowances – thus partially replacing welfare with a form of workfare.



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ING BARINGS ING BANK

Coke's plan sets Budapest alight

Coca-Cola is to challenge a decision by Hungary's historical monuments office to reject its offer to wrap Budapest's oldest bridge in bright red and green decorations this Christmas, writes Virginia Marsh in Budapest.

The US soft drinks producer had offered to pay for cleaning and decorating the city's landmark Chain or Szechenyi Bridge that links Buda and Pest, the two halves of the city, and to put a large Christmas tree and lights in the square at its western end for a month each December for the next three years.

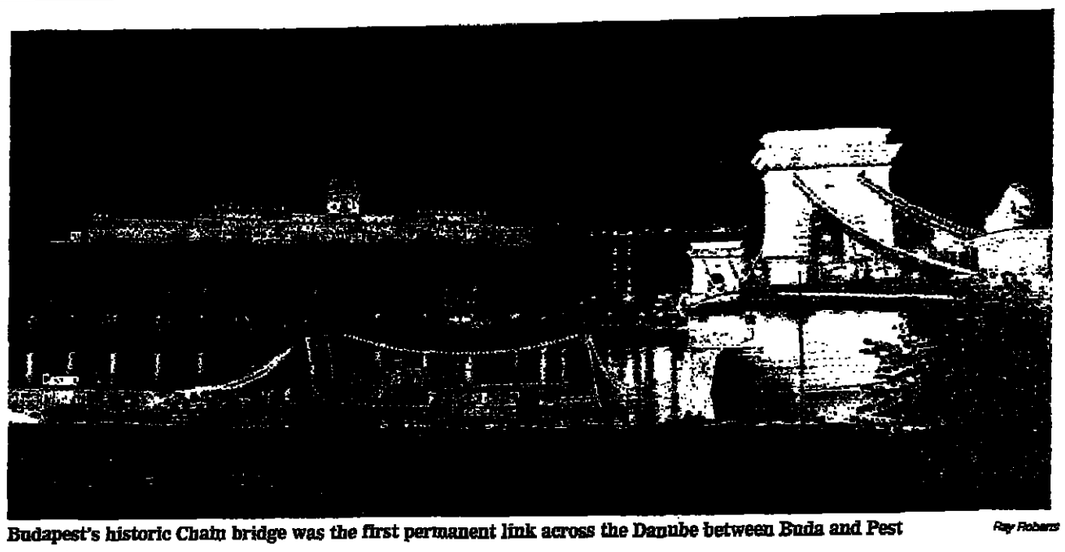
The decorations – which would be mounted by Tungsram, General Electric's local light bulb subsidiary – would be free of Coca-Cola logos but the company would organise promotional events in the area.

The bridge was built between 1838 and 1849 by Adam Clark, a British engineer, on the instructions of Count Istvan Szechenyi, a 19th century leader and admirer of Britain's industrial revolution who was known as the "Greatest Hungarian" for his efforts to modernise the country. The story goes that the count ordered the bridge after bad weather prevented him crossing the Danube by boat to visit his dying father in Pest.

Coca-Cola's offer has split the city. The city council accepted the proposal two weeks ago, only to have it rejected by the monuments office. The council says Christmas decorations of this kind are popular but that it has no money for lavish displays.

To strengthen its case, Coca-Cola commissioned an opinion poll which showed that 64 per cent of the capital's inhabitants supported its plans. But most of the mainly elderly callers to a local radio show at the weekend agreed with the monuments office decision, railing against what they regarded as an attempt by a foreign company to use a historic landmark for commercial purposes.

"These companies are in the wrong," Mr Csaba Bende, department director at the office, said yesterday. "They just don't understand what this bridge means to the Hungarian people." Whatever the outcome, however, Mr Bende admitted it had been a clever advertising move by Coca-Cola. "They've got the whole city talking about it."



Budapest's historic Chain bridge was the first permanent link across the Danube between Buda and Pest — Ray Roberts

Hungary delays power sale

By Virginia Marsh in Budapest

Mr Tamas Suchman, Hungary's newly appointed industry minister, said yesterday that the sale of the country's main electricity company would only proceed next year, not this autumn as originally planned.

The privatisation of MVM has been held up by a bitter dispute over energy pricing and by delays in adopting a nuclear energy law. Until last year, MVM owned most of the sector but now comprises the national grid and Hungary's sole nuclear plant.

Talks over the price rises, which are deeply unpopular at a time of falling real wages, were continuing last night between Mr Suchman and the western utilities which last year paid nearly $2bn for stakes in local electricity and gas companies in the first large energy sector privatisation in the former East Bloc.

Hungary's Socialist-led cabinet had promised to raise prices twice this year and to move to a cost-reflective price system with a guaranteed 8 per cent return for energy companies by 1997. However, in August it reneged on its promise to make this year's second price rise, which had been due today, and ordered a government commissioner to review pricing proposals made by its own energy office. Mr Suchman said the review would be completed this month.

The utilities and the country's energy office say double digit price rises are required to fund badly-needed modernisation work. But, in August, the cabinet claimed some of the costs submitted by energy companies were unjustified.

MEPs set to ditch deal on chocolate

By Caroline Southey in Brussels

The European parliament looks set to ditch moves to allow EU chocolate to be called chocolate even when it contains vegetable fat, prolonging a lengthy battle to remove trade barriers within the Union for such products.

A majority of MEPs are shortly expected to reject any new definition of chocolate, reflecting the views of eight EU countries that chocolate can only be called chocolate if made with pure cocoa butter.

The vote will further delay a European Commission campaign started three and half years ago to find a new definition for chocolate. Lack of common EU rules has led to some member states barring imports of chocolates containing vegetable fats.

The issue has split the Union into two camps. On the side opposing any change to the definition are countries such as Germany, France, Belgium, Italy and the Netherlands, which ban the use of vegetable fat as a partial substitute for cocoa butter in chocolates.

Seven countries are in favour of change, including Britain, Denmark, Sweden and Austria, which allow the use of a substitute to cocoa butter.

The Commission's latest proposal would allow the name chocolate to be used on all products with up to 5 per cent vegetable fat. Countries would not be forced to allow the manufacture of the chocolate with vegetable fat, but would have to allow imports to be sold.

"I will not be surprised if MEPs vote along national lines rather than for political groups," said Mrs Marianne Thyssen, a member of the Christian Democrat bloc in the parliament and rapporteur for the group on the chocolate directive. This could lead to 404 MEPs voting against the proposal and 202 in favour.

MEPs against a change in the definition are unlikely to be swayed by the latest study on the impact of the directive which contradicts earlier claims that it would seriously damage Third World cocoa bean exporters.

In a study published last week, Dr Kees Burger from the economic and social institute at the Free University of Amsterdam calculated that substituting cocoa butter with vegetable fats would lead to a drop in demand of 33,000 tonnes of cocoa beans, or 1.3 per cent of world demand.

Cocoa-producing countries such as Brazil, Ecuador, the Ivory Coast and Ghana have warned that allowing chocolate containing vegetable fat to circulate freely across the EU could reduce total cocoa demand by 60,000 tonnes in the short term, and 200,000 tonnes in the long term.

A No vote in the parliament would not signal the death of the directive. The proposal would go back to the Commission for reconsideration and then to the council of ministers before returning to the floor of the parliament. A deal might finally have to be struck through arbitration between the council and MEPs.

Austrian tyre workers fight plant removal

By Eric Frey in Vienna

Workers at an Austrian tyre company yesterday threatened to use force to stop its German owners removing machinery from the plant to another of their factories in the Czech Republic.

The works council at Semperit, a subsidiary of the German tyre company Continental, was reacting to plans by the Hanover-based group to shift half its tyre production from Traiskirchen to the Czech Republic and to make 1,100 of the 2,300 employees in Austria redundant.

Continental's plans have set off a heated controversy in Austria about employment practices by foreign investors, especially German companies. It has become a key issue in the European Parliament election campaign on October 13.

The Austrian government has made several efforts to prevent the redundancies, but was criticised by the opposition for not doing enough. Austrian industry experts fear the plant will not be viable at a reduced annual capacity of 2m car tyres and will eventually be shut. Continental dismissed these predictions and cited the 500,000 truck tyres it will continue to make.

Mr Rudolf Neubauer, chairman of Semperit's works council, said he would personally block the removal of equipment and even chain himself to the machines. Management responded by threatening to sack resisting workers and even to shut the plant down.

Observers fear that a physical confrontation could spark violence and deter other foreign companies from investing in Austria. By law, local police would be obliged to assist the removal of machinery, for Continental is the legal owner of the plant. But as the public is nearly united in its support for the Semperit staff, the authorities would probably shy away from any drastic measures.

The Traiskirchen region south of Vienna is economically depressed and offers little alternative employment to redundant workers.

Once the flagship of Austrian industry, Semperit was nearly bankrupt when acquired by Continental in 1985. But the Traiskirchen plant generated solid profits in recent years, and even some conservative public leaders have suggested that international investors should be prevented from putting a healthy enterprise at risk for the sake of even higher profits.

But some economists point out that Semperit's high labour costs and the decline in its sales to Japanese carmakers after Austria joined the European Union in 1995 gives Continental a good reason to move production to lower-cost sites.

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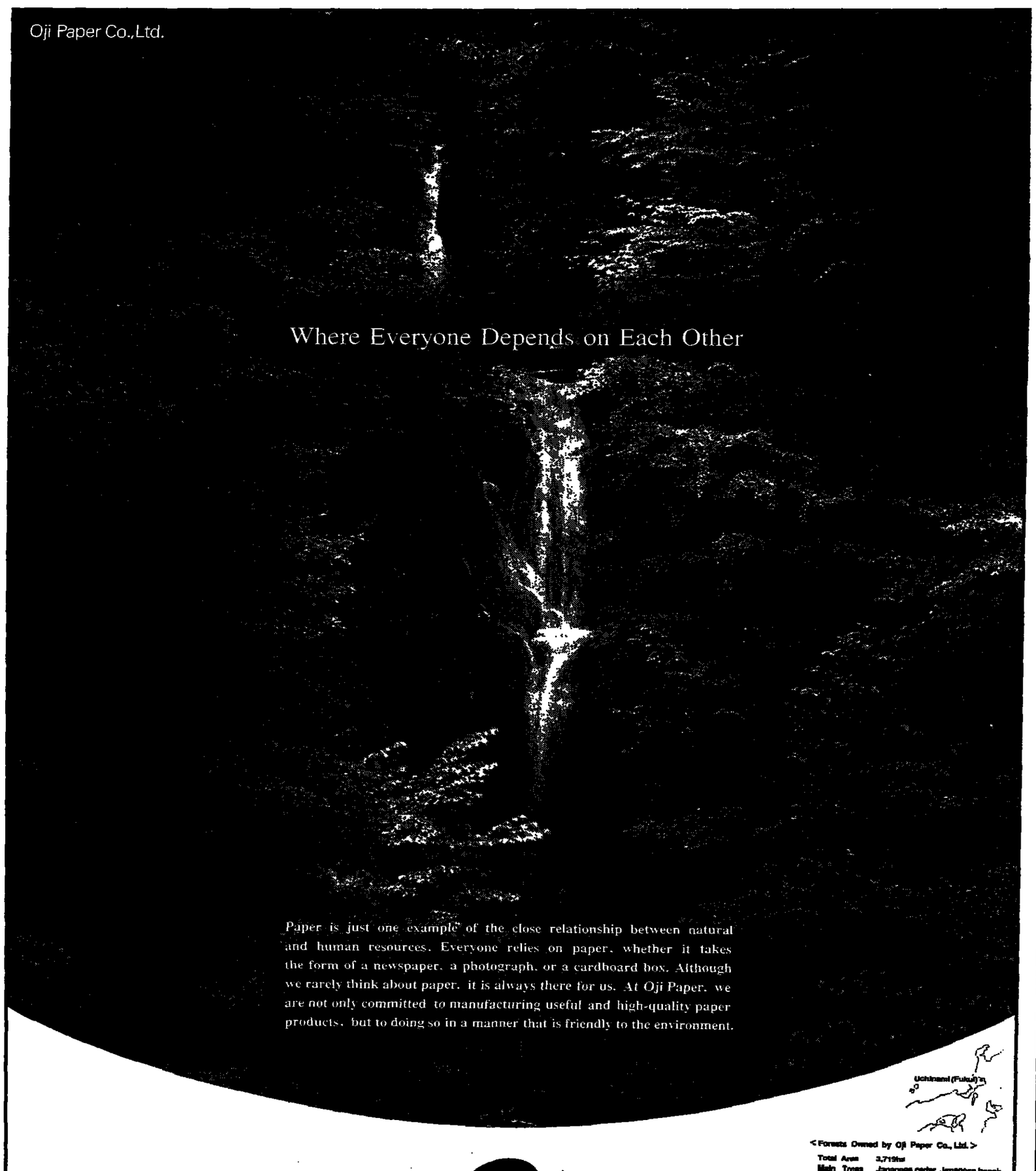

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EU refines dumping regulations

By Guy de Jonquières, World Trade Editor

The European Union is refining its anti-dumping regime – one of its most powerful trade weapons – in an effort to deal more fairly with cases against exports from China, Russia and central and eastern Europe.

The move is the first step in a reform drive by Sir Leon Brittan, Europe's trade commissioner. He wants to rationalise anti-dumping procedures and gear them more closely to the commercial interests of EU companies.

The anti-dumping regime is designed to prevent exporters in third countries harming European industry by pricing their products at artificially low levels. The EU can impose heavy duties on offending exporters.

Critics, both in and outside the EU, object that anti-dumping rules are often applied in a rigid and legalistic manner, which can end up penalising consumers and businesses in Europe, as well as foreign exporters.

EU officials say the reforms – some of which may prove controversial with member governments – are intended to focus anti-dumping policy more tightly on unfair competition which genuinely threatens Europe's overall economic welfare.

They hope that, by controlling its policy more strictly, the EU can discourage other countries from using anti-dumping measures to retaliate against European exports. The Commission plans three changes initially:

- A more selective approach toward exports from "state trading" countries, such as China and Russia, to permit special treatment of producers which respect market economy principles. The main aim is to avoid penalising European-owned joint ventures in China, the country facing the most EU anti-dumping cases.
- More discretion and flexibility in choosing benchmarks for calculating dumping margins – alleged under-pricing – of exports from state trading countries. Current methods can often lead to inflated figures by over-stating exporters' costs.
- A more liberal policy towards central and eastern European countries. It would give companies subject to EU anti-dumping actions greater freedom to set export prices and make them responsible for verifying their compliance with EU rules.

Later this year, Sir Leon plans a more sweeping reform, which would require anti-dumping decisions to be based on a more rigorous and detailed assessment of economic, competitive and industrial conditions.

The changes do not have to be approved formally by EU governments, But some member states, particularly in southern Europe, are likely to object that the more far-reaching proposals risk weakening anti-dumping policy.

Indian power scheme nears final hurdle

In the wake of the Enron affair, **Lisa Vaughan** assesses the prospects for another controversial US power plant

The finishing line is in sight for Cogentrix, the North Carolina-based power company proposing to build a 1,000-megawatt, thermal power plant in the south-western Indian state of Karnataka.

In common with other private power projects in India, Cogentrix has been bogged down by politics, India's infamous bureaucracy and increasingly vocal local interest groups, especially environmentalists concerned about the project's sensitive coastal site.

But after four years of intensive negotiation and planning, a key clearance for the $1.1bn project was awarded last week. This leaves only one hurdle – cabinet approval, which involves granting a federal government counter-guarantee.

The Cogentrix deal became a high-profile case after a $2.5bn power project by US company Enron, last year's most high-profile foreign investment scheme, was rejected by Maharashtra state and later renegotiated. The off-again, on-again Enron project, approved in July and partly built, is currently stalled in a Bombay court.

The Mangalore Power Company (MPC), being promoted by Cogentrix and China Light & Power (International), is one of several fast-track private power projects at the heart of India's five-year-old economic liberalisation programme.

Mr P. Abraham, power secretary, said India's new United Front government had given assurances that it would issue counter-guarantees promising to pay the generating companies if state electricity boards default on seven fast-track projects including Cogentrix.

"It (the counter-guarantee) should now be given very soon," Mr Abraham said. While the government had failed to meet thepromised September 30 deadline, he said he expected the counter-guarantee to be in place this month.

West coast fishermen are worried about pollution. Cogentrix says its plant will be India's cleanest Sarah Murray

Mr Ron Somers, a vice-president of Cogentrix and managing director of the Mangalore Power Company, said the clearance was good news but the project was not yet out of the woods. Once the counter-guarantee was granted, the deal could be financially closed. But the financiers would not provide funds until transmission lines for taking power from the project site were ready, he said.

The obstacles for Cogentrix have been environmental ones, closely linked to the rapid pace of industrialisation and economic growth in the district where the plant will be sited, Dakshina Kannada.

Listed by the United Nations as a valuable biodiversity area, Dakshina Kannada boasts richly forested lands, a wealth of plant and animal species, and a coastline which provides a livelihood for 400,000 fishermen. With a highly developed private education system, the district has one of the highest literacy levels in the country.

Mr Ron Somers, Cogentrix vice-president and managing director of the project, says one of the project's problems was bad timing. It landed on the scene just after an oil refinery move into the area with little regard for local residents and the environment.

The MPC proposal acted as a catalyst for people's concern over the changes taking place, and was opposed by fishermen's and environmental groups trying to save the area from reckless development. A well-known environmental activist and socialist Janata Dal party MP, Mrs Maneka Gandhi, has also been a severe critic. Said to be frustrated at not having been made environment minister in the new 13-party coalition government, she challenged the MPC project and others in the courts on environmental grounds. Prime Minister H D Deve Gowda, former chief minister of Karnataka and a strong Cogentrix backer, ejected her from the party this summer for disrupting the project.

Mr Somers defended the company's approach to the environment. He said: "It is our duty as a company to address these environmental concerns and we're doing that. We've practised standards of transparency that you would want to see if it was coming up in your own backyard."

MPC has pulled out all the stops to make the coal-fired power plant the cleanest in India – even down to importing efficient, low-ash coal from South Africa and Australia. Its plans to minimise the plant's environmental impact include a huge desalination project and state-of-the-art methods of reducing ash, air, water and noise pollution, Mr Somers said.

After meeting 26 state government and 19 central government conditions, the project was given its environmental clearances early this year.

Cogentrix launched an intensive campaign to involve the local community in all stages of the project. Once approved, the first action will be the resettlement and rehabilitation of 239 families losing their homes. Job training, upgrading local schools, scholarships, and employment are part of the package.

But with the area desperately needing electricity, businesses warn they will take power from far more polluting sources if MPC does not win approval.

Cable operator breaks into Japan telecoms

By Michiyo Nakamoto in Tokyo

Japan's telecom authorities have licensed a cable TV company to offer telecom services for the first time, in a move that opens the Japanese telecom market to greater competition.

Titus Communications, a joint venture between Itochu, the Japanese trading company, Toshiba, the electronics maker, US West, and the Time Warner group, has become the first cable TV company to receive approval to provide telecom services, according to the Ministry of Posts and Telecommunications.

Titus, which began cable TV services in July last year, plans to use its network in three regions near Tokyo to offer services at rates significantly lower than those available through domestic telecom companies.

The approval opens the way for further competition in Japan's telecom market, which has long been dominated by NTT, the former government-owned utility. NTT still has a virtual monopoly over the local telephone market and the high access charges it imposes on its long-distance competitors for access to its local network has impeded a fall in long-distance rates.

The lack of competition has kept many telephone services rates at high levels by international standards.

Titus plans to offer long-distance services at rates 15 per cent lower than those currently available and unlimited local calls within a set number of hours for a basic monthly rate, as well as substantial discounts on calls between subscribers.

The extent of its services will initially be restricted to three regions where it has started cable services, but Titus expects to expand its market to include seven other regional areas where it has obtained licences to offer cable TV services.

Titus is negotiating with NTT for access to its local and long-distance lines to provide a nationwide service to subscribers.

The approval of the new service highlights a move by the authorities to introduce further competition in the telecom market, which has been hampered by tight government regulations in addition to NTT's dominance.

The ministry has also moved to establish rules for access to NTT's local network.

A special committee set up by the ministry is scheduled to publish a final recommendation on access rules by the end of the year and the ministry aims to achieve an amendment to the law during the next regular Diet session beginning in January.

Japan 'unfair to US apples'

By Anne Counsell in Washington

The US has accused Japan of discriminating against imports of some varieties of American apples, saying the same varieties from New Zealand are encountering no difficulties.

The US has spent years in conflict with Japan over apple imports, and last year won access for Red Delicious and Golden Delicious apples. But Japan is still blocking entry for four varieties – Gala, Fuji, Braeburn and Granny Smith – questioning whether the pesticide used by US growers to treat codling moth is effective.

Mrs Charlene Barshefsky, the acting US trade representative, and Mr Dan Glickman, the US agriculture secretary, have written to Mr Shunpei Tsukahara, Japan's minister of trade, asking why Tokyo is querying the use of methyl bromide pesticide for each variety of apple when the treatment has been proven against the pest itself. "The variety of the product should be irrelevant," the letter said.

The US trade officials said Japan permits imports of the four varieties from New Zealand. "Because New Zealand apples are treated for codling moth in the same way as US apples, we do not understand your reluctance to accept the same varieties of US apples," the letter said. The US has given Japan until Saturday to explain why it tests each variety.

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Arafat gambles on Washington summit

If the Palestinian leader comes away empty-handed he will be in trouble at home, writes Judy Dempsey

Mr Yassir Arafat is now in a very difficult situation, according to Mr Mustafa Natsheh, mayor of the West Bank town of Hebron where redeployment of Israeli troops due under the Oslo peace accord is overdue.

Having regained the political initiative over the past few violent days, the Palestinian leader is loath to lose the momentum.

His authority among Palestinians had weakened over the past six weeks when, still giving Mr Netanyahu the benefit of the doubt in his commitment to the peace process, Mr Arafat had refused to support calls for strikes in the West Bank and Gaza to protest against Israel's failure to implement the 1995 Israeli-Palestinian Interim Agreement.

What changed last week was the way in which his 30,000 strong armed police force fought for the first time alongside Palestinians demonstrators. That helped boost Mr Arafat's standing among his people. His ability to instruct his forces two days later to keep Palestinians apart from the Israeli-manned checkpoints the West Bank towns and Gaza, showed, for the moment, Mr Arafat had reasserted his control and his credibility.

In doing so, he managed to present a united Palestinian front. But Palestinians believe he must now capitalise on these developments if he is to maintain that unity and political initiative.

"He cannot go to Washington and take part in a media event," said Mr Natsheh. If he goes, Palestinians are expecting him to come back with concrete results. Without results I am really afraid that the frustration felt among Palestinians will lead to a very, very dangerous situation and for the international community as well."

That is why Mr Arafat flew yesterday to Cairo to try to persuade Mr Hosni Mubarak, the Egyptian president, to attend the summit called by US President Bill Clinton.

Mr Mubarak had tried himself to arrange, in vain as it turned out, a summit last week during the height of the clashes between Israeli troops and armed Palestinian police.

On Sunday, he insisted that the Washington summit should have a clear agenda, one of the reasons why Mr Arafat hesitated at first before accepting Mr Clinton's invitation. Not only does he also want an agenda. But Mr Arafat would also have preferred Egypt, the first Arab country sign a peace agreement with Israel, to attend the summit as a counterweight to the Israelis and the Americans.

Failure by Mr Arafat to gain anything concrete from the summit could be his undoing, according to Palestinian analysts.

"It is clear what should be agreed. There should be a release of all political prisoners, which has been delayed for two years now," said Mr Mohammed Salahat from the Nablus Centre for Palestine Research and Studies in the West Bank. It was also extremely important for both sides to agree to a secure route for Palestinians between Gaza and the West Bank, as well as lift the closures imposed for security reasons by the former Labour government after the bomb attacks on Israeli civilians last March, and continued by Mr Netanyahu's Likud-led coalition.

"But Israel has got to understand how that security may be achieved. The point is that the longer the closures continue, the worse the economy will deteriorate for the Palestinians and the more the frustration will increase. The potential for an explosion is huge," said Mr Salahat.

If no progress was made on these issues it would play into the hands of Hamas, the Islamic movement responsible for the wave of suicide bombings on Israeli civilians earlier this year, he said. Hamas has always opposed the Interim Agreement and Mr Arafat's acceptance of it. "Palestinians could be radicalised even further. That must surely worry the Palestinian Authority," he added.

Security has always been one of the planks upon which Mr Netanyahu has placed any progress on implementing the Interim Agreement, a view reinforced by the events of last week. But according to Mr Natsheh, that philosophy almost amounts to a self-fulfilling prophecy in the sense that the dangers to security will increase the longer the peace negotiations remain on ice.

"There will be never be 100 per cent security. The Palestinian Authority has been trying to work on this issue. But it cannot work in a vacuum. That is the pressure on Arafat."

Arafat in Cairo yesterday: reluctant to lose initiative Reuter

World Bank launches fund to cut poor nations' debt

By Patti Waldmeir and Robert Chote in Washington

The Egyptian government yesterday fulfilled a central element in its draft agreement with the International Monetary Fund by implementing tariff cuts, Sean Evers writes from Cairo.

Maximum tariffs on goods other than luxuries was reduced from 70 per cent to 55 per cent. Other rates were cut by 10 to 15 percentage points. However, cars will still be subjected to 135 per cent duties, cut from 160 per cent.

This has removed the final barrier to the ratification of Egypt's economic policy reforms by the IMF Board on October 11.

Mr James Wolfensohn, World Bank president, yesterday sought to capitalise on international momentum behind a deal to reduce poor country debt, by launching a trust fund which will be a central to financing the plan.

Addressing the World Bank's development committee, a joint ministerial committee of the Bank and the IMF, Mr Wolfensohn said his institution would make the first $500m contribution to the Fund. He appealed for contributions from bilateral donors, and promised further allocations from the Bank's net income in future years. Last week he said the total Bank contribution would be up to $2bn.

All significant participants in the debt initiative have now approved it and Mr Wolfensohn and Mr Michel Camdessus, IMF managing director, have turned their attention to mobilising the funds to finance the plan.

Mr Wolfensohn emphasised the need for all participants to "bear a fair and proportionate share" of the cost, estimated at between $5.6bn and $7.7bn.

"For the plan to work, all creditors, bilateral and multilateral, must be committed to the same objective – to help those countries with sustained strong performance track records to exit from the rescheduling process and reduce their debt to a sustainable level," he said.

Mr Camdessus also reported progress toward assembling the IMF's contribution to the initiative, which it would provide by making its existing subsidised loan facility more generous, rather than paying directly into the trust fund. Speaking after yesterday's meeting of the IMF interim committee, he said many member countries had pledged to donate funds which they hold on deposit in the Fund's $1.5bn special contingent account II, set up to provide resources for countries repaying IMF arrears.

Other elements of the financing package include increased relief from the Paris Club on official debt, as well as from the Trust Fund, which will receive contributions from multilateral development banks as well as the World Bank. Bilateral contributions to that Fund, as solicited yesterday by Mr Wolfensohn, would be used to compensate if multilateral institutions like the African Development Bank are unable to pay their full share.

Mr Wolfensohn, who has provided the main political impetus behind the debt deal, yesterday promised to proceed with it "immediately." But Mr Kenneth Clarke, the UK chancellor of the exchequer, pressed for flexibility in the criteria used to determine eligibility for debt relief. Relief must be offered "in a realistic timescale," he said, noting that countries which have proved their adherence to structural reform should not, as under current proposals, have to wait from three to six years to receive relief. Debt must be reduced to a "clearly, and not just barely, sustainable level," he said.

'Tax eating of meat' to boost grain supplies

By Alison Maitland in London

A tax on eating meat has been proposed by a leading US environmentalist as a way of releasing urgently needed grain supplies for direct human consumption.

The controversial proposal, in a new book by the Washington-based Worldwatch Institute, is one of several radical ideas for resolving what is portrayed as an imminent crisis in world food supplies as the population burgeons.

The book, Tough Choices, is the institute's contribution to the United Nations World Food Summit in Rome in November.

Mr Lester Brown, the author and president of the institute, says world grain stocks may continue to be dangerously low for some time. The only remaining big reserve is the 640m tonnes – or 36 per cent of the world grain harvest – which is used as feed for livestock, poultry and fish.

"If the world's affluent cut their consumption of grain-fed livestock products by 10 per cent, they could free up 64m tonnes of grain for direct human consumption, enough to cover world population growth for some 27 months," says Mr Brown.

A tax, he argues, would moderate grain price rises which can be life-threatening for the world's poor.

"Such a tax, unpopular though it would be, might be accepted if it became the price for economic and political stability in the world."

Mr Brown's views are based on a prediction that the world is entering an era of food shortages, as environmental problems such as water and land shortages and global warming put severe constraints on agricultural output.

He is known as a pessimist in the world food debate; others argue that food production will keep abreast of population growth in most regions over the next 25 years.

Mr Brown clashes with the World Bank and the UN's Food and Agriculture Organisation, contending that their predictions of continued growth in grain output have proved too optimistic in the past five years.

Mr Nikos Alexandratos, head of global perspective studies at the FAO, responds that production was disrupted by the break-up of the former Soviet Union, volatile output in the US and set-aside policies in the European Union. But these factors do not detract from FAO expectations of "modest" output growth of 1.5 per cent a year to 2010, he said.

Among Mr Brown's other suggestions is a "stiff" tax on converting land out of crops. "This would at least force those planning to use highly productive cropland for industrial or residential construction to weigh alternative sites seriously."

Tough Choices: Facing the Challenge of Food Scarcity, Worldwatch Institute, 1776 Massachusetts Ave, NW Washington, DC 20036-1904. Price: $11.

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Asian worries on exports discounted

By Peter Montagnon, Asia Editor, in London

Asia should be able to sustain its international competitive position for some years despite the slowdown in its exports, according to a study by China Analyst economicmonthly.

The exportdecline was cyclical, reflecting weakness in demand in industrial countries and the dollar's recovery against the yen, and should end soon, it said.

Worries about a deeper structural problem were overdone. Emerging Asian economies, which had become specialised in producing low and mid-tier products, were not pricing themselves out of world markets.

While the big burst of productivity growth in the more mature economies showed signs of having diminished, less developed Asian countries were still enjoying large gains supported by continuing industrialisation and huge injections of foreign capital and technology.

"Although wages in Asia have risen quickly on a rate of change basis, their levels are far below those of similar industries in the developed world." As a result, Asia's rising import penetration of Organisation for Economic Co-operation and Development economies would probably continue.

The gap between wages in Asia and western countries would take decades to close, the study said.

In the short run, demand for Asian exports should begin to increase as restocking continued in the US and economic growth accelerated in Japan and Europe.

Within the region, China and Taiwan had already cut interest rates in response to deflationary pressures, while monetary policies were easing in most south-east Asian countries.

The risk to Asia's recovery was a further strengthening of the dollar against the yen and the D-Mark as US interest rates were raised, the study said, but the impact of exchange rates on Asian exports was less important than that of US economic performance.

While a higher dollar made Asian exports more expensive, because many Asian currencies were directly or indirectly linked to the dollar, only 13 per cent of east Asian exports went to Japan. On average, export growth in Asia tended to rise 2-4 percentage points for every 1 point change in US national income growth, it said.

**Published by the Bank Credit Analyst Group, Montreal, Quebec, Canada. Telephone (514)499-9550, fax (514)499-9709.*

Butterfly back at socialist helm

By William Dawkins in Tokyo

The ira butterfly of Japanesepolitics has made a comebac to take charge of her troubled socialists after a three-year break for officia parliamentary duties.

The bbriquet belongs to Ms Takko Doi, 67, the most prominent and popular womin in Japanese politics. She i known for straight-talkin and a penchant for wearig pink, remarkable qualies in a country where the cltural uniform is drab, male and circumlocutory.

M Doi, a former leader of the ocial Democratic party, yesrday returned to her oldjob after stepping down as the first female to be speaker of the lower house of parliament.

The ailing SDP badly neds her help. Supporters abndoned it after the SDP joned a government coali-tin with its old enemy the rightwing Liberal Democratic party, four yearsago.

"We certainly appear to e wobbling," said a claracteristically blunt Ms Doi, after accepting her od job back. She then proceeded to cause a flutter in the DP by hinting she might reuse to join the next coalitio.

Are Ms Doi's irtues enough to revive theparty's fortunes? She is crtainly popular. Her love f *pachinko* – Japanese pinball – karaoke and baseball give her a suitable ommon touch among whs passes for Japan's left wg. The daughter of a docto, Ms Doi is also a professor f constitutional law and hs served in parliament sinc 1968.

But it will take mething stronger than bitterfly's wings to lift the SP back to its old promfence as Japan's main non-LDP party. Currently, t trails in the polls, behindthree centre right groups nd only a whisker ahead c the Communist party.

Row shatters Tokyo lawyer's political ideal

JAPANESE ELECTIONS

Thirty months ago, in the wake of the most fundamental shake-up of Japan's political order in more than four decades, Mr Makoto Takahara entered what he thought was a new era in politics with high hopes for change. He was young, urban and liberal, and his mantra was to reform Japanese politics – one of the few rally cries capable of winning over a disillusioned electorate.

The Liberal Democratic party, which had ruled Japan uninterrupted for 38 years, had fallen from power in 1993 in a development that seemed to pave the way for far-reaching changes and the emergence of a new generation of politicians such as Mr Takahara.

But his optimism has given way to disillusionment as he, like many contemporaries, has discovered that the Japanese political system which rewarded personal loyalty at the expense of principled politics was more enduring than they thought.

A lawyer by training, Mr Takahara, 45, had developed a keen interest in politics. "I felt that if I wanted to go into politics it had to be now," he said. It was a big risk: he would be swapping a secure, upper middle-class life for one of uncertainty and possible financial ruin.

Mr Takahara had already been involved in campaigning for Mr Naoto Kan long before Mr Kan became popular in his role as health and welfare minister.

With the collapse of the old order, Mr Takahara felt that there was a chance to compete.

He enjoyed the support of his mentor Mr Kan, with whom he shared many views. "Through discussions with Takahara over 14 years, I have come to think of him as a mirror of myself," Mr Kan said of the hopeful young politician in a booklet which shows the two men clasping hands warmly.

After joining the Sakigake party in late 1994, where Mr Kan was policy affairs chief, Mr Takahara began his campaign to win a place in the Japanese Diet (lower house).

He set up home in the western suburb of Tokyo that was to be his constituency. It was one of four new constituencies formed from

Makoto Takahara: a 'conviction politician'

Mr Kan's former constituency, after the new single-seat system divided up large constituencies.

In typical Japanese fashion, Mr Kan gave his protégé a list of his own supporters which Mr Takahara employed to build up his support base. He visited community leaders, addressed local public gatherings and made early morning speeches outside railway stations.

It was an uphill struggle for the political neophyte who had to give up his work as a lawyer to concentrate on his campaign.

But Mr Takahara was "a conviction politician" motivated by a strong belief that together with liberal politicians such as Mr Kan, he could change Japan. One of his goals was to create a third force in Japanese politics to provide an alternative to the conservative LDP and the nationalistic New Frontier party.

That vision, however, was dealt a blow when Mr Kan's belief in change proved shallow and he slowly distanced himself from his radical protégé. For reasons still not clear to Mr Takahara, the man who had been one of his earliest supporters suddenly turned against him.

"I saw Mr Kan at a Sakigake meeting. When we were alone he started yelling at me," Mr Takahara recalls.

"I don't really know what the reason was, but he yelled at me for 40 minutes, saying that I had embarrassed him in front of his supporters and that he would no longer support me."

Out of funds and demoralised, Mr Takahara has given up his campaign. Because of his fall-out with Mr Kan, he cannot join the new Democratic party set up by Mr Kan and Mr Yukio Hatoyama, former representative of the Sakigake party.

"I was naive to think that I would be able to campaign on issues now that we have a new system of single-seat constituencies. In my constituency, the policy differences were clear between the candidates, but the politicians are all still fighting in the old-fashioned way."

The treatment he received was evidence enough that even the self-proclaimed liberal reformers are "not united by policy but by personal likes and dislikes and a soft liberal mood".

The LDP's one-party rule has collapsed, the Socialist party is breaking up and the liberals are moving to form an alternative force. But "the second stage of political realignment has been a failure because the liberal forces have not been able to align along policy lines," lamented Mr Takahara.

Michiyo Nakamoto

New candidate enters race for top HK post

By John Ridding in Hong Kong

The contest to head Hong Kong's post-colonial government intensified yesterday with the announcement by Mr Peter Woo, a prominent business and social figure, that he was entering the race for the post of chief executive, the top job after next July's handover to China.

Mr Woo, son-in-law of the late sir Y.K.Pao, the shipping tycoon, and honorary chairman of Wheelock & Co, one of the territory's largest business groups, said he was putting himself forward to give the public more choice.

His entry raises the prospect of a battle between two of Hong Kong's business dynasties, as a frontrunner for the post is Mr Tung Chee-hwa, chairman of Orient Overseas, the family-controlled shipping group. Mr Tung has powerful backers in China and Hong Kong and has generally been regarded as the strongest contender. But he has yet to confirm his candidacy for the post.

The number of candidates is increasing. So far, Sir Ti Liang Yang, the former chief justice, and Mr Lo Tak-shing, a solicitor, have declared their interest in the post.

The popular choice is Mrs Anson Chan, the head of the civil service, although her close ties with the present administration undermine her chances of the top job. Mr Arthur Garcia, a former judge, is also tipped as a possible candidate.

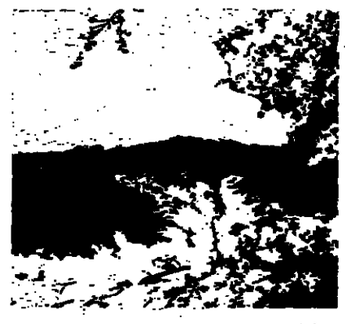
Mr Woo formerly worked for Chase Manhattan Bank in New York before joining Sir Y.K. Pao and his World-Wide Shipping Group in 1975. He became chairman of Wheelock and its associate, Wharf Holdings, in 1986.

In addition, Mr Woo serves on the 150-member preparatory committee, the Beijing-appointed body which is overseeing the handover. He is also a Hong Kong affairs adviser to China.

■ *Mr Chris Patten came* under fierce attack yesterday from Sir Percy Cradock, the former British ambassador to Beijing, who accused the Hong Kong governor of damaging the territory's transition to Chinese rule.

"He has no claim to stand as a champion of democracy in Hong Kong. He has done it unique harm," said Sir Percy, foreign policy adviser to the prime minister from 1984-92. The criticism comes a few days before Mr Patten's final policy address to the territory.

Mr Patten's office dismissed Sir Percy's claims. "He is not the first mandarin to think he is an emperor," replied a spokesman for the governor.



ASIA-PACIFIC NEWS DIGEST

Japan industry output slips

Japan's industrial production declined in August but the longer-term trend remains upward, the country's ministry of international trade and industry reported yesterday. Factory output fell by 1.9 per cent from a month earlier, the first decline for two months, largely because of weak production of cars, personal computers and microchips.

But output is estimated to have been higher in September, maintaining the pace of gradual recovery this year. Production in the July-September quarter is forecast to have risen by about 1.5 per cent on the previous three months. Shipments fell by 1.8 per cent in August while inventories edged up by 0.6 per cent. The rise in stocks was largely because of sluggish sales in the second quarter, Miti said. But there was also evidence some companies were increasing inventories in anticipation of higher consumer demand.

Meanwhile the construction ministry reported the sixth consecutive monthly rise for housing starts in August. Low rates on housing loans helped to maintain demand for new homes, and total starts in the month were 14.3 per cent higher than a year earlier. *Gerard Baker, Tokyo*

Bhutto positive on Taliban

Pakistan would deal positively with the new government in Afghanistan if Taliban managed to consolidate its hold on power, despite the Moslem movement's reputation for religious extremism, Ms Benazir Bhutto, prime minister, said yesterday. "It would be our hope, our attempt, our endeavour to be a moderating influence," she told the International Institute of Strategic Studies.

The movement had taken Afghanistan with little bloodshed, and lot of its success had been negotiated, she said. It would be wrong for Pakistan to interfere in the affairs of a neighbouring country. She was concerned about some of the Taliban's religious positions but said a peaceful Afghanistan would open up trade routes to central Asia. *Peter Montagnon, London*

Bolger's remarks irk Labour

The final leg of campaigning in the New Zealand election got under way yesterday, with Mr Jim Bolger, prime minister and National party leader, being accused of "economic sabotage" after he warned of the risks facing the country's economy if the government changed.

Mr Bolger made his remarks on an Australian TV programme, saying that if he was an Australian investor interested in New Zealand he would be waiting until the poll outcome. Depending on who led the next government, New Zealand's involvement in Apec's free-trade agenda, overseas investment and possibly the country's free-trade accord with Australia could be at risk, he said.

But yesterday, Ms Helen Clark, leader of the Labour party, the largest opposition party, said Mr Bolger was, in effect, warning off foreign investors. "Mr Bolger's message is no less than economic sabotage of his country," she said. The election is to be held on October 12. *Terry Hall, Wellington and Nikki Tait, Sydney*

Court respite for Rao

Mr P.V. Narasimha Rao, the former Indian prime minister, was given a respite yesterday from a scheduled appearance and possible arrest on charges of conspiracy. The Supreme Court intervened on police warnings that extremist elements could pose a serious security threat if Mr Rao were to appear personally at the busy Tis Hazari court complex in Old Delhi. The hearing was adjourned until October 9. *Lisa Vaughan, New Delhi*

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

UNITED STATES

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	91.3
1986	105.5	100.9	6.9	98.4	95.5
1987	108.5	106.0	6.1	104.2	96.7
1988	113.0	110.7	5.4	104.9	100.3
1989	115.5	112.4	5.2	97.9	99.3
1990	116.2	112.4	5.5	82.7	95.4
1991	113.3	110.4	6.8	61.7	100.4
1992	117.0	114.2	7.4	61.8	105.1
1993	122.2	118.2	6.8	67.7	110.6
1994	129.6	125.1	6.0	79.0	112.6
1995	133.8	129.3	5.5	78.2	113.0
3rd qtr.1995	3.5	3.0	5.6	78.6	111.2
4th qtr.1995	1.9	1.6	5.5	79.4	113.0
1st qtr.1996	4.0	1.3	5.6	78.1	114.7
2nd qtr.1996	4.2	3.3	5.4	76.3	117.7
Sept.1995	2.8	3.1	5.6	77.8	111.2
October	1.2	1.9	5.4	78.6	111.1
November	1.9	1.7	5.5	78.9	111.9
December	2.5	1.1	5.5	82.5	113.0
January 1996	2.0	0.6	5.7	79.6	113.8
February	5.3	2.0	5.5	79.5	114.0
March	4.7	1.4	5.6	78.1	114.7
April	4.7	2.6	5.4	76.2	115.4
May	4.6	3.3	5.5	74.2	116.6
June	3.3	4.0	5.2	76.7	117.7
July		4.0	5.4	76.7	117.4
August		3.4		75.7	

JAPAN

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	2.6	100.0	76.3
1986	106.5	99.7	2.8	94.3	83.3
1987	113.7	103.1	2.8	108.3	91.0
1988	122.6	113.1	2.5	135.9	96.6
1989	132.6	119.7	2.2	147.0	98.5
1990	141.6	124.5	2.1	149.8	95.4
1991	144.5	126.8	2.1	144.2	92.3
1992	139.9	119.0	2.1	124.2	91.0
1993	131.7	113.6	2.5	106.6	96.3
1994	129.5	114.5	2.9	102.2	104.2
1995	128.5	118.6	3.1	106.5	108.7
3rd qtr.1995	-0.1	1.6	3.2	105.1	107.1
4th qtr.1995	0.5	1.7	3.3	108.9	108.7
1st qtr.1996	5.8	1.1	3.3	110.7	108.8
2nd qtr.1996		0.6	3.5	116.8	109.8
Sept.1995	1.0	1.7	3.2	105.4	107.1
October	0.0	2.6	3.2	109.0	107.5
November	1.0	0.9	3.4	109.6	108.2
December	0.6	1.7	3.3	111.2	108.7
January 1996	6.1	3.0	3.4	110.1	108.5
February	5.5	3.2	3.3	114.6	108.7
March	5.8	-2.9	3.1	107.4	108.8
April	2.8	0.2	3.4	117.7	109.1
May	2.3	2.7	3.6	122.2	109.3
June		-1.1	3.5	110.3	109.8
July		5.0	3.4	129.2	110.9
August		2.2			

GERMANY

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	89.7
1986	103.4	102.2	6.4	136.9	89.4
1987	107.4	102.6	6.2	149.5	90.0
1988	110.5	106.3	6.2	165.1	95.6
1989	114.2	111.4	5.6	219.5	97.7
1990	123.5	117.2	4.8	261.9	98.2
1991	130.5	117.9	4.2	297.9	95.2
1992	127.7	116.4	4.6	287.9	89.2
1993	122.3	109.2	6.1	229.0	95.2
1994	120.4	113.9	6.8	240.4	103.6
1995		115.7		267.8	100.8
3rd qtr.1995		1.3		265.5	100.5
4th qtr.1995		-2.8		258.0	100.8
1st qtr.1996		-4.0		274.1	100.4
2nd qtr.1996		-1.9		283.6	100.9
Sept.1995		0.8		261.3	100.5
October		-2.3		258.0	100.5
November		-1.6		261.3	100.7
December		-4.4		254.6	100.8
January 1996		-1.1		265.5	100.8
February		-7.4		270.5	100.6
March		-3.4		286.3	100.4
April		-2.2		265.5	100.6
May		-2.7		283.0	100.9
June		-0.8		282.1	100.9
July		-0.7		272.9	103.8
August				267.9	

FRANCE

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	10.3	100.0	89.7
1986	102.4	101.1	10.4	107.0	95.6
1987	104.5	103.1	10.5	117.2	96.5
1988	107.9	107.3	10.0	135.3	100.5
1989	109.5	111.3	9.4	160.6	100.2
1990	110.4	112.8	8.9	163.2	94.5
1991	110.3	111.4	9.4	126.2	95.9
1992	110.5	110.0	10.4	109.5	94.1
1993	110.7	105.8	11.7	90.0	97.4
1994	110.7	110.0	12.3	104.1	101.3
1995	110.5	111.7	11.8		98.6
3rd q1995	0.2	0.2	11.6		97.2
4th q1995	-2.5	-2.1	11.9		96.6
1st q1996	0.7	-0.3	12.2		96.4
2nd q1996	-0.9	-0.1	12.4		96.3
Sept1995	-0.9	-0.8	11.7		97.2
Octobr	-3.9	-1.5	11.8		96.7
Novmber	0.4	-2.4	11.9		96.7
Decmber	-4.0	-2.3	12.0		96.6
Janry 1996	0.2	-0.6	12.1		97.0
Febry	2.9	0.4	12.2		97.5
Mch	-1.0	-0.6	12.3		96.4
Apr	0.2	0.1	12.3		96.7
My	-2.3	0.1	12.4		96.5
Jun	-0.7	-0.5	12.5		96.3
Jly			12.5		96.6
Augst					

ITALY

	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator
1985	100.0	100.0	9.6	88.4
1986	106.8	104.1	10.4	94.5
1987	112.1	108.8	10.9	96.1
1988	107.9	114.2	10.9	100.5
1989	116.9	118.7	10.9	98.6
1990	114.5	118.0	10.3	95.3
1991	110.9	116.9	9.8	97.5
1992	116.9	115.4	9.8	94.6
1993	114.1	113.0	10.2	101.4
1994	107.4	118.5	11.1	103.3
1995	102.3	127.2		101.8
3rd q1995	-3.4	6.0	12.1	102.6
4th q1995	-7.8	4.5		101.8
1st q1996		0.3		100.4
2nd q1996		-1.5		100.6
Sept1995	-5.2	4.7	n.a.	102.6
Octobr	-13.0	4.1	n.a.	101.8
Novmber	0.9	3.9	n.a.	101.6
Decmber	-10.6	5.5	n.a.	101.8
Janry 1996		0.4	n.a.	101.6
Febry		0.2	n.a.	100.8
Mch		0.5	n.a.	100.4
Apr		-2.8	n.a.	100.4
My		-2.1	n.a.	100.5
Jun		0.5	n.a.	100.6
Jly		-2.8	n.a.	
Augst			n.a.	

UNITED KINGDOM

	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	11.2	100.0	90.3
1986	105.3	102.5	11.2	116.1	92.9
1987	110.8	106.5	10.3	141.0	96.5
1988	117.8	111.6	8.6	144.0	98.1
1989	120.1	114.0	7.2	124.3	94.7
1990	121.1	113.7	6.9	97.7	92.6
1991	119.4	108.5	8.8	69.3	95.3
1992	120.4	109.4	10.1	69.6	97.8
1993	123.9	111.8	10.4	76.5	104.8
1994	128.5	117.4	9.5	93.9	107.1
1995	129.9	120.4	8.7	107.8	104.8
3rd q1995	0.5	1.9	8.7	109.5	105.6
4th q1995	1.2	1.8	8.6	111.5	104.8
1st q1996	2.1	1.3	8.3	112.8	105.6
2nd q1996	2.8	0.9	8.2	122.9	105.8
Sept1995	-0.1	1.7	8.7	113.9	105.6
Octobr	0.2	1.0	8.7	111.7	105.1
Novmber	1.6	2.3	8.6	112.5	104.7
Decmber	1.7	2.2	8.5	110.3	104.8
Janry 1996	2.2	1.5	8.3	111.2	105.1
Febry	2.1	1.0	8.4	111.5	105.5
Mch	2.2	1.2	8.3	115.8	105.6
Apr	2.3	0.7	8.2	116.9	105.2
My	2.4	1.3	8.2	121.7	105.3
Jun	3.5	0.9	8.2	129.9	105.8
Jly	2.3	0.8	8.0	136.6	106.8
Augst	4.4			140.4	107.5

Series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of employment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. Vacancies – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.

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A BETTER APPROACH TO BUSINESS

Chastened Congress goes home to seek re-election

By Jurek Martin in Washington

The 104th session of the US Congress ground slowly towards its conclusion yesterday, almost deferentially leaving a stage that it had entered two Januarys ago breathing conservative revolutionary fire and brimstone.

Its only outstanding piece of business was for the Senate to follow the House's action over the weekend and pass yet another "continuing resolution" temporarily funding those parts of the government whose budgets have yet to be authorised. Its main purpose was to get members out of town quickly to start running for re-election.

Republican concessions on the immigration bill and a handful of other issues had ensured no repetition of the successive High Noons of last autumn. In what even Mr Newt Gingrich, the Speaker, now concedes was a strategic error of the first dimension, the Republicans forced a series of partial shutdowns of federal offices in pursuit of their budgetary goals.

The Speaker's acknowledgment – with the words "I think we did learn a lot over that" – came in a Sunday night televised debate itself noteable for a civility that was conspicuous by its absence for much of last year.

Rather than condemn Democratic obstructionism of Republican policies, Mr Gingrich and Senator Trent Lott, the majority leader, preferred to stress the bipartisan achievements of the Congress. They even included bills passed against the will of the party leadership, such as raising the federal minimum wage and preserving environmental protection.

Similarly, Senator Tom Daschle and Congressman Richard Gephardt, Democratic leaders in the two chambers, chided their counterparts only gently for trying to foist what they regularly used to call an "extremist" agenda on the country.

But they did not neglect to mention proposed Republican tax cuts and reforms of the social safety net, opposition to which will form the heart of the Democratic campaign to recover control of Congress.

They need net gains of three seats in the 100-member Senate, assuming President Bill Clinton wins a re-election and Vice-President Al Gore is in a position to cast tie-breaking votes, and 19 in the 435-strong House.

The odds probably favour the Democrats more in the House, where many of the 74 Republican freshmen who won in 1994 are defending thin majorities. By contrast, the retirement of a clutch of popular Democratic senators, especially in the conservative south, has given Republicans reason to hope.

They may also benefit, ironically like Mr Clinton, from incumbency, by being able to claim a share of the credit for the buoyant state of the economy. The obvious comparison is with 1984, which saw a landslide re-election for President Ronald Reagan and good enough results for the Democrats to hold on to the House and to make recapture of the Senate possible in 1986.

That precedent has induced many Republican congressional candidates to distance themselves from Mr Bob Dole, much as Democrats did from Mr Walter Mondale 12 years ago.

Mr Clinton also treats Republicans more gently than he did. Although he recovered from the depth of his unpopularity last year by attacking and out-manoeuvring the Republican congressional leaders, now, in pursuit of the middle ground, he not only sometimes praises them but even signs their bills, such as welfare reform.

Although difficult to quantify in electoral terms, the net effect may be to persuade the voting public that there is little wrong with what had been more often than not the accepted balance of power – a president from one party and a Congress at least partly controlled by the other. That was the reality for the last five Republican presidents and, since 1994, for Mr Clinton.

Undoubtedly, the achievements of the 104th Congress fell far short of the ambitions of its new leaders two years ago. It did not succeed in requiring a balanced budget by constitutional amendment, nor, apart from welfare, did it manage substantial reform of the great social "entitlement" programmes.

It was busy enough, passing over 200 bills and cutting over $50bn from government operations. That offers some protection from the fate suffered by the 80th, condemned by President Harry Truman as the "do-nothing Congress". Oddly enough, it passed over 900 bills in 1947-48, an all-time record.

Canada's military finds itself under fire from all sides

Atrocities, retrenchment and reform are taking toll of besieged forces, reports Bernard Simon

Canada's military has been the butt of many jokes. Outsiders have long mused that the top-heavy armed forces seem to employ more generals than privates.

Visitors to the West Edmonton shopping mall in northern Alberta are told that the children's playground has more submarines – and more modern ones – than the real navy's three 30-year-old boats.

No one is laughing, however, at the military's present predicament. A series of upheavals has created what may be its most severe peacetime crisis.

Canada's Nato allies are unhappy at what they perceive as Ottawa's lukewarm commitment. Foreign and domestic defence equipment suppliers have vented frustration at the Liberal government's inaction in placing promised orders.

What is more, questions hang over the future of the defence minister and the country's top soldier. Morale within the armed forces is shaky, and a procession of disaffected former officers have spoken out recently against the present leadership.

Mr Daniel Bon, director-general of policy planning in the department of national defence, says: "There's no denying that it's been a trying and difficult period for everybody." But he adds: "I don't think things are as bad as they seem."

The immediate challenge is being played out before a commission of inquiry set up to probe atrocities by an elite paratroop regiment during the UN peacekeeping mission to Somalia in 1992-93.

The troops tortured and killed several Somali civilians. Their actions were recorded in gruesome video pictures. The regiment has subsequently been disbanded and several of its members have been court-martialled. One suffered permanent brain damage after attempting suicide.

To the government's consternation, the Somalia inquiry has interpreted its mandate broadly. It is also probing alleged cover-ups and document tampering by senior officers at defence headquarters in Ottawa. Mr Jean Chrétien, the prime minister, indicated last month that he was losing patience.

The inquiry's televised hearings have taken place against the background of a widespread shake-up of the military, forced by deep budget cuts and the government's desire to breathe some fresh air into the defence establishment.

The number of full-time troops has shrunk in the past decade from 120,000 to about 70,000, with a target of 60,000. About half Canada's military bases have been closed or turned over to other uses in the past 18 months.

Early retirements have thinned the senior ranks, and the military has brought in more private-sector suppliers.

But resistance to the changes has been intense in some quarters.

Mr Ed Healey, a former rear-admiral who now works as a consultant, observes: "A lot of these things are like asking the Pope to contract out the sacraments."

Canada has closed all its bases in Europe, leaving about 200 personnel at Nato headquarters in Brussels and one vessel attached to Nato's standing naval force in the Mediterranean. "Where is the threat to Europe that requires us to have forces in Europe?" Mr Bon asks.

Ottawa's peacekeeping commitments have also shrunk. About 2,000 Canadians are now attached to UN peacekeeping forces, mainly in Bosnia and Haiti, down from 4,000 in the early 1990s.

Other Nato members are concerned at the government's timid approach to defence issues. While the military proposed sending up to 5,000 troops to Bosnia, the cabinet approved only 1,000. "Nato partners are suspicious that Canada is not pulling its weight," says one foreign diplomat.

The frustration is especially apparent in defence procurement, where US, UK and other Nato suppliers hope to win sizeable contracts. A 1994 white paper identified four priorities: search-and-rescue helicopters, shipborne helicopters, submarines and armoured personnel carriers.

Ottawa has so far chosen a supplier only for the personnel carriers, although a firm contract has yet to be signed. The cabinet has sat for more than a year on a UK proposal to sell – at bargain prices – a fleet of four almost-new Upholder class submarines. The UK has also been talking to Portugal, Chile and South Africa about the sale.

Mr Paul Manson, a former chief of defence staff who now heads Lockheed Martin Electronic Systems' Canadian subsidiary, warned in a speech last month: "Quite apart from the frustration that such delays generate within the armed forces and the operational problems that are created, the situation is also becoming quite difficult for Canada's shrinking defence industry."

Mr Chrétien has so far been reluctant to approve large military contracts while Ottawa is cutting social-security spending. As Mr Healey puts it: "People say they're proud of the military, but they're really not prepared to spend much money."

Mr Chrétien and his defence minister, Mr David Collenette, last year picked a bright, up-and-coming fighter pilot, Gen Jean Boyle, as chief of defence staff with a mandate to shake up the top-heavy defence establishment.

Having leapfrogged at least half a dozen more senior officers, Gen Boyle, aged 48, faces a daunting challenge. But his chances of success – and even of keeping the job – have been severely compromised by his inept performance on the witness stand at the Somalia inquiry. He drew widespread criticism for evading responsibility for altered and missing documents, putting the blame instead on his junior officers.

Mr Collenette is under fire for his inability to win cabinet colleagues' support for the programmes in the 1994 white paper, as well as vacillating over issues raised by the "Somalia affair".

But Mr Collenette has the advantage of being one of the prime minister's closest political allies. Assuming he survives, outsiders with a stake in Canadian defence policy are crossing their fingers that he will take a more vigorous approach to his portfolio after the next election, likely to be called in 1997.

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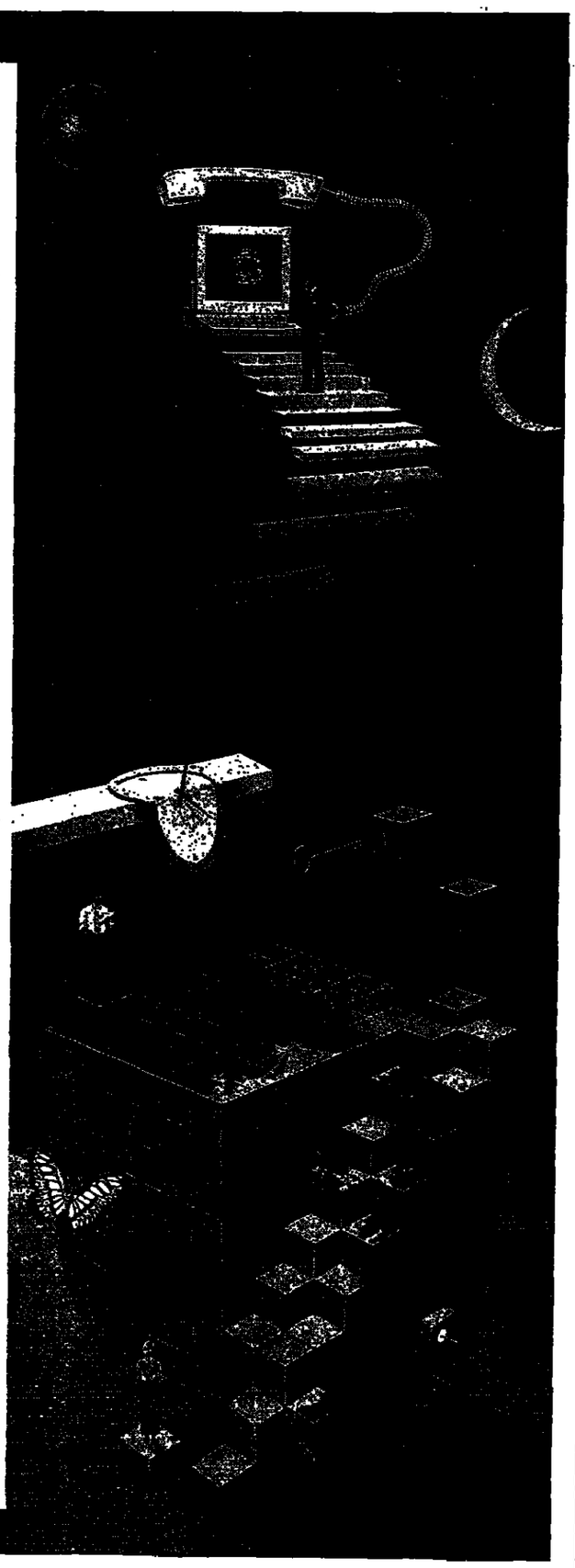

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FUQUA. SHAPING BUSINESS REALITIES WORLDWIDE

US new home sales highest in 10 years

By Michael Prowse in Washington

Sales of new homes in the US rose 4.7 per cent between July and August, to their highest level in a decade, throwing fresh doubt on claims that economic growth is slowing.

Separate data showed a rebound in personal consumer spending in August after a dip earlier in the summer.

The figures follow the Federal Reserve's decision last week not to raise short-term interest rates, in spite of evidence of above-trend growth and tight labour markets.

Fed economists have been predicting all year the economy would slow of its own accord, reducing upward pressure on wages and prices. So far growth has exceeded their projections.

The Commerce Department said new home sales rose to a seasonally adjusted annual rate of 832,000, the highest level since April, 1986.

Figures for June and July were also revised up.

The jump in sales surprised Wall Street economists who had predicted a decline to an annual rate of about 744,000.

Real consumer spending rose 0.5 per cent in August following a zero increase in July. The gain reflected strong demand for durable goods such as cars, sensitive to interest rate levels.

Disposable personal incomes also rose 0.5 per cent in August following a 0.1 per cent drop in July.

The strength of home sales has surprised economists because long-term interest rates have risen this year. Rates on a 30-year mortgage averaged 8 per cent in August, against 7 per cent at the beginning of the year.

AMERICAN NEWS DIGEST

US union deal with Chrysler

The US United Auto Workers union moved closer to securing an unusual industry-wide job guarantee arrangement late on Sunday as it announced a tentative labour pact with Chrysler.

The three-year deal, which needs to be approved by Chrysler workers, would follow the pattern set by an accord with Ford, the union said. That agreement guaranteed the jobs of 95 per cent of UAW workers at Ford over the three-year period. In return, Ford would be able to establish a new, lower pay scale for new workers in its component plants.

The fact that the Chrysler deal follows the pattern of Ford appeared to suggest that Mr Stephen Yokich, UAW president, is intent on maintaining a common agreement for the industry. That appears to increase the chances of a conflict with General Motors, the US's biggest car and truck maker and the final manufacturer in the bargaining round. GM, with higher labour costs than its two smaller rivals, is still in the midst of an overhaul of its North American operations, and would be more constrained by a job guarantee. *Richard Waters, New York*

Mutual fund reform backed

US House of Representatives has approved changes to state and federal securities legislation designed to simplify the regulation of the US mutual fund industry. The move will reduce the involvement of individual states in regulating the structure and operation of mutual funds. This responsibility will instead rest solely in the hands of the national regulator, the Securities and Exchange Commission, though state regulators will still be involved in policing local mutual funds.

The bill, due to go before the Senate yesterday, would eliminate the problems caused by the duplication of rules. Current SEC and local regulations are sometimes contradictory, but since mutual funds are marketed across the whole country, individual state rules can force industry-wide changes to the structure of mutual funds. For example, if one state rules that a certain commodity cannot be included in portfolios, national marketing of funds invested in that commodity becomes extremely difficult. The new legislation will make it easier to produce "a uniform national product", said Ms Elizabeth Tower of the Investment Company Institute, the mutual fund industry association. *Tracy Corrigan, New York*

ValuJet back in the air

ValuJet Airlines resumed limited operations yesterday after a 15-week grounding by the government imposed when one of its aircraft crashed in Florida, killing 110 people.

ValuJet's first flight since June 17 was to take off from Hartsfield Atlanta International Airport and it added scheduled flights to Washington and three Florida cities – Fort Lauderdale, Orlando and Tampa.

Analysts say ValuJet has sufficient cash reserves to maintain its signature low fares. But Mr Mike Boyd, an airline industry analyst, said yesterday that there might not be much leeway if new problems arose. "If they fly as much as a bird, they're in trouble," he said. *AP, Atlanta*

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Threat to aircraft deal is dropped

By Bernard Gray, Defence Correspondent

Phoenix, an unmanned reconnaissance aircraft developed by the UK's General Electric Company, will be used by the British army after all, the defence ministry announced yesterday. But the aircraft will be almost nine years late when it enters service in 1998, and its cost will have more than trebled.

Phoenix was designed during the cold war to fly behind enemy lines and relay information about the location of hostile forces to artillery batteries. But the aircraft has been plagued by technical problems, including a reluctance to return to base and, on those occasions when it did come back, crash-landing and breaking expensive sensors.

Attempts to solve technical difficulties became so protracted that in April 1995 the Ministry of Defence gave GEC-Marconi, the defence arm of GEC, a year to fix the project at its own expense or face cancellation. Now the ministry has decided that continuing with Phoenix is cheaper than cancelling and starting again with a drone aircraft made outside Britain.

As a result, GEC has been given two new contracts to replace its 1985 fixed-price development deal. The first will cover the remaining development and production of Phoenix, and the second will involve its maintenance.

Taken together, the contracts will cost more than the £228m budget for the programme agreed in 1993 – itself a big increase on the original £80m deal agreed in 1985.

GEC has resolved the worst technical problem – crash-landing. Phoenix is now slowed by a parachute on landing, flips on its back to protect its electronics and inflates an airbag to cushion the impact.

The decision is a huge relief for GEC-Marconi, which had been hoping Phoenix would demonstrate to the ministry the company's ability to handle prime contracts, a role usually undertaken in the UK by British Aerospace.

The saga also raises questions about the ministry's management of fixed-price contracts. Some British army officers are unhappy that Phoenix's performance will lag behind that of recently designed drones. Phoenix's low power means that it cannot take off in very hot climates.

Tax boost urged by property sector

By Simon London, Property Correspondent

The UK Treasury is considering tax changes to create a new breed of investment company in an attempt to encourage fund managers to invest in commercial property.

The debate comes against a background of fears that pension funds and life insurance companies – some of the country's biggest commercial landlords – are withdrawing from the property market. In the long run, this might force industrial and commercial companies to have more of their assets tied up in premises.

The property industry has asked the Treasury to amend existing regulations to allow investment trusts, which are exempt from capital gains tax, to invest primarily in commercial property.

This would enable fund managers to gain exposure to commercial property through shares – rather than by owning buildings directly – without suffering a tax penalty.

Representatives of the property industry last week argued for such a change at a meeting organised by Treasury officials and attended by Mr Michael Jack, a junior minister at the Treasury.

The Treasury said it was taking the proposals seriously, but warned that more research was needed. "Given that there will be a cost involved, we need to know more about the potential benefits," said a Treasury source.

Officials would also like to see firmer estimates of the costs of such a move.

Tax revenue would be lost because property companies, which pay income and capital gains tax, would probably transfer their assets into the new vehicles. Some of this lost income would be clawed-back through stamp duty on the trading of shares in the new vehicles.

UK ECONOMIC DIGEST

Consumer data still promising

Consumer borrowing grew strongly again in August and the amount of notes and coins circulating in the economy continued to expand rapidly in September. Official figures yesterday added weight to the view that conditions in Britain's shopping streets remain buoyant and suggest that the fast pace of the present consumer-led economic recovery will be maintained.

The Bank of England, the UK central bank, said yesterday that notes and coins circulating in the economy grew a seasonally adjusted 0.5 per cent last month, slightly less than the 0.6 per cent growth rate in August. This took the annual rate to 7.4 per cent from 7.5 per cent.

M0, the narrow measure of the money supply which includes notes and coins and banks' operational deposits, grew at an annual rate of 7 per cent last month compared with 7.4 per cent in August. However, the brighter longer-term prospect for spending was underlined by separate figures from the Bank of England which showed that consumer credit grew by a seasonally adjusted $1.54bn in August.

This was slightly less than the £1.1bn consumers borrowed in July, but it was above the recent trend and was more than City economists expected. *Graham Bowley*

■ BUSINESS FAILURES

Significant drop seen in rate

Fewer than 10,000 businesses failed in the third quarter of this year – down 6.6% from the same period last year – according to figures published yesterday by Dun & Bradstreet, the business information service. The biggest drop in failures – by nearly a fifth – was in London.

More than 1,900 businesses failed in the third quarter of 1995 compared with 1,548 this year in the same period. Mr Philip Mellor, for Dun & Bradstreet, said the figures for the UK, excluding Northern Ireland, showed the second "significant" quarterly drop in the business failure rate in succession. *Jim Kelly*

■ HOUSING MARKET

Prices rising faster, says Bank

House prices are rising faster than at any stage since 1989 as mortgage lending has surged over the summer according to figures published yesterday by the Bank of England, the UK central bank, and Nationwide building society, one of the country's largest mutually owned savings and loan institutions.

Nationwide says average prices have risen by 6.7 per cent in the past 12 months, the biggest annual increase for seven years. But Mr Philip Williamson, Nationwide's corporate development director, said recent exceptional growth was unlikely to continue.

Andrew Taylor

■ MARINE TRANSPORT

Ports have record-breaking year

Britain's ports had a record-breaking year in 1995 with a 2 per cent rise in total import and export traffic to 548m tonnes, the Department of Transport said yesterday. This was the sixth consecutive rise in annual traffic. Outwards traffic rose by 7m tonnes to 263m tonnes; inwards traffic rose by 3m tonnes to 285m tonnes. *Charles Batchelor*

Labour party backs curb on executive pay

By David Wighton, Political Correspondent

Delegates at the annual conference of the opposition Labour party yesterday delighted the Conservative government by calling for the regulation of executive pay in privatised utilities. A motion supported by the Labour party leadership also proposed giving utility worker representatives a say in the regulation of their industries.

The motion was passed after Mrs Margaret Beckett, the party's shadow industry secretary, announced that Labour would change the law to give utility regulators a primary duty to protect customers' interests.

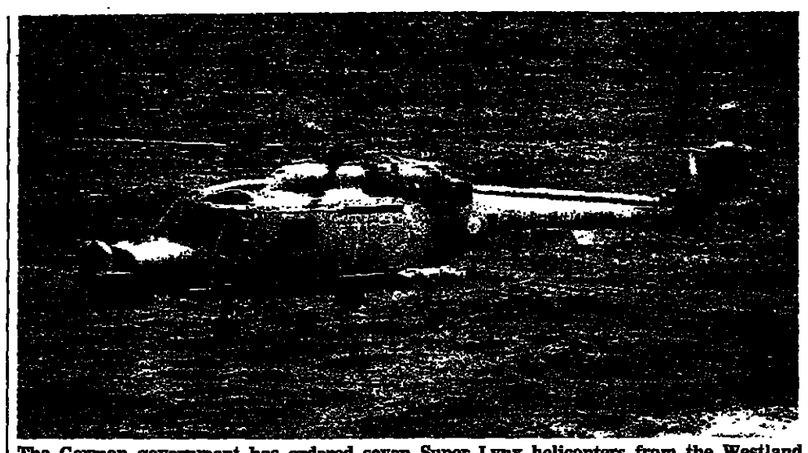
The motion was seized on by the Tories as an indication of a hidden agenda on "stakeholding". Mr Ian Lang, chief industry minister, said: "This is yet another glimpse into what stakeholding would mean in practice. Labour can't understand that state intrusion into every nook and cranny of life destroys enterprise."

The motion called for a Labour government "to introduce legislation to ensure that the determination of executive pay is properly regulated so that executives are not able to award themselves or be awarded through non-executive directors, obscene pay increases and share options".

Mr John Battle, a Labour industry spokesman, said the wording was misleading and it was merely referring to Labour's proposal that shareholders be given the legal right to vote on executives' remuneration packages. But Tory strategists said it represented Labour's "deepseated faith in regulation". Mr Lang said: "State regulation of pay was unworkable in the 1970s and would tie today's companies in knots."

Mr Battle said the call for worker representatives to be given a voice on a regulatory panel was in line with the policy laid down in Labour's recent industry document. This proposes that each regulator should work "with a board of non-executive directors representative of outside interests and voices".

Mrs Beckett said Labour would give the regulators a primary duty to protect customers' interests alongside the requirement to promote competition and ensure financial viability. Currently, it was secondary.



The German government has ordered seven Super Lynx helicopters from the Westland offshoot of GKN, the automotive engineering and defence equipment manufacturer, GKN announced yesterday. Similar machines are already in service with Britain's Royal Navy (above). GKN is also talking to the German navy about upgrading its 17 existing Sea Lynx helicopters. Shares in the company rose in London by 28 pence to 1123½p.

BMW seeks $90m grant for Rover engine plant

By Christopher Brown-Humes in London

BMW, the German carmaker, and Rover, its UK subsidiary, are seeking £60m ($93.5m) in UK government aid to help secure a £400m engine plant in the English Midlands.

Rover hopes a positive decision from Mr Ian Lang, the chief industry minister, could come as early as the Conservative party conference next week.

But the company believes it might yet lose out to an Austrian or east European plant, potentially jeopardising jobs at its Longbridge and Solihull works in England.

The plant would be the single biggest investment by Rover since it was sold to BMW by British Aerospace 2½ years ago. It is needed to help Rover increase annual production from 500,000 vehicles to between 750,000 and 800,000 over the next five years. Although the group has sufficient manufacturing capacity at Longbridge and Solihull, it lacks adequate engine capacity.

At full capacity, the plant would be capable of turning out 450,000 engines a year, which would supply the forecast needs of both BMW and Rover brands. This would be the first time that Rover engines were exported for use in BMW cars.

It is thought that the engine would supply Rover's new top-of-the-range RD1 model and BMW 3-series cars made in Germany.

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Publishers warned on electronics 'gap'

By Raymond Snoddy in London

Traditional publishers could face great commercial danger if they hold back from entering the world of electronic publishing, a study by Andersen Consulting for the European Commission warns.

"For the majority of publishers electronic publishing is necessary to sustain long term survival and success," the study says. The findings on the future of the total print industry in Europe, currently worth 85bn Ecu ($68bn), will be unveiled today at a press conference at the Frankfurt Book Fair.

Electronic publishing will not be a substitute for print but will become a strategic cornerstone for the industry's economic survival within the next five to eight years and an indispensable supplement by the year 2002, says the study.

"The risk for those who hesitate in starting an EP venture is that it will be increasingly difficult and expensive to make up for lost time once markets are further developed," Andersen Consulting says. The strategy of postponing necessary investment is "dangerous".

At the outset, traditional publishers are well placed to take advantage of the technological opportunities offered by EP. But increasingly players from other industries such as computing, financial services and communications will enter the market in the hope of increasing sales in the emerging interactive services industry.

Andersen Consulting estimates that the electronic publishing share of the print market by the year 2000 will range between 3 per cent and 15 per cent depending on the type of publication and the speed of consumer acceptance.

The report makes a series of detailed recommendations on what the strategy should be for different sections of the print industry.

Local newspapers, for example, should concentrate on becoming the dominant local "electronic marketplace". Booksellers should build an innovative image by having Internet cafes in their stores and by becoming the local access point for electronic products.

● Fear about security was the main obstacle to wider adoption of Internet technology among UK government organisations, according to a survey carried out for Mercury Communications, Stephen McGookin writes.

The survey of 220 government officials by the research firm Kable found that three-quarters of those who use the Net have been doing so for more than six months, but only 28 per cent of users have a distinct security policy.

Only 23 per cent of officials surveyed rated the government's grasp of Internet issues as "excellent" or "very good". Details of the survey are available at Kable's Web site *www.kable.co.uk*.

Many big companies 'fail to invest in electronic marketing'

Britain's biggest companies expect rapid expansion in electronic commerce, but few are making the necessary investments to take advantage of it, says a survey by Harris Research for consultants KPMG. The survey covers the marketing directors of 100 UK companies with an annual turnover of more than $300m, Stephen McGookin writes.

The average expectation of direct sales which can be attributed to a company's presence on the Internet is expected to rise from the present 2 to 3 per cent to about 17 per cent over the next five years.

The survey also shows that only 59 per cent of the companies have allocated a marketing budget to Internet activities. Of those, 50 per cent have an annual budget of less than £10,000. ($15,600) KPMG consultant Jonathan Barling-Twigg said the survey showed that companies' expectations were "sky high" and that "things need to change significantly to achieve those kind of revenues."

For example, he said, 60 per cent of the marketing directors questioned described their own knowledge of Internet technology as poor or very poor, while 63 per cent of respondents said they had never used the Internet.

UK NEWS DIGEST

Shares system to be sold

The London Stock Exchange yesterday announced an agreement to sell its Sequal electronic trade confirmation service as part of its effort to concentrate on a smaller number of services for member firms. The announcement comes before the publication later this week of the exchange's proposed new rulebook for order-driven trading in London.

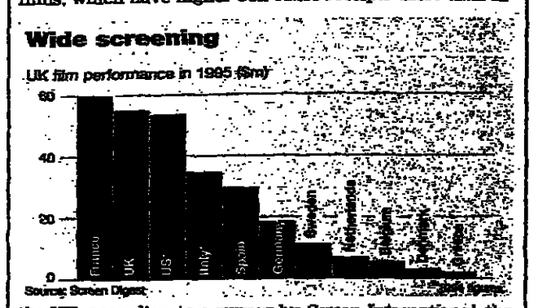
Sequal, which provides electronic confirmation that a share trade has been executed as well as associated information, has been sold to Thomson Financial Services, a company that owns a rival confirmation system called Oasys Global. Thomson has guaranteed to the exchange that it will keep on operating Sequal separately from Oasys in the short-term. But it will eventually merge the two services.

The terms of the acquisition were not disclosed, but Sequal has been losing money. Mr Alastair Hazell, Thomson's managing director said the deal would "reduce uncertainty" for market users in London. *John Gapper*

■ FILM INDUSTRY

France is biggest customer

France is the biggest international market for British films, which have higher box office receipts there than in the UK, according to a survey by *Screen International*, the film industry magazine. British films took just over $60m at the French box office in 1995, against $55m in the UK. In 1994 they took $56m in France, $55m in the UK and $54m in the US. *Alice Rawsthorn*



■ PRISON SERVICE

Governor leaves post in protest

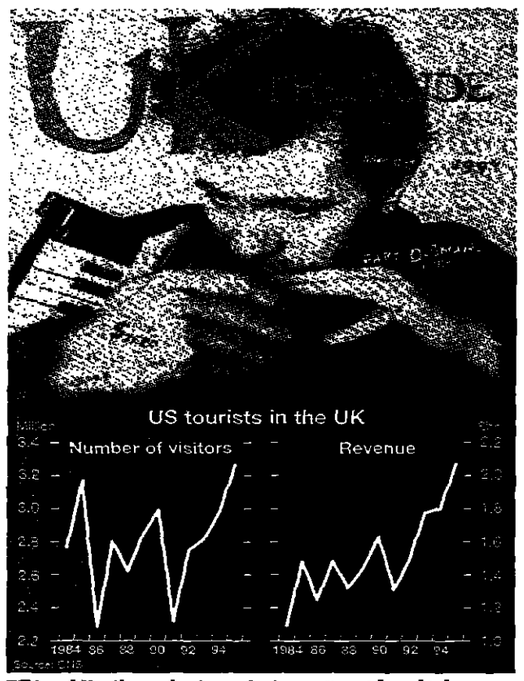
A senior prison governor is leaving his post today in protest at budget cuts and the "party political point scoring" he says has utterly demoralised the Prison Service.

In an unprecedented attack on government policy, Mr David Godfrey, the governor of Ford Open prison near the West Sussex coast in southern England, said the problems facing management of the service had now reached crisis proportions.

"As recently as 1992 the Prison Service seemed to be in reasonably good shape," he said. "Now it is on the brink of catastrophe, and staff at all levels are thoroughly disheartened." Mr Godfrey said that the rapid rise in the prison population – now at a record 56,700 – was primarily due to "misguided political objectives" and had little to do with controlling crime. *Mark Suzman*

Antique image fails to lure the young

Thatched cottages and quiet pubs are insufficient to compete in modern tourism market



BTA publications aim to project a more modern look

Bob and Sandy Pawelko, 50-somethings from Dallas, Texas, chose a week's holiday in Britain because of its "sheer antiquity". After London, Windsor Castle and Stratford-upon-Avon, they said they were not disappointed.

"I pictured the English countryside a certain way and it was just like that," said Mrs Pawelko. "We wanted to see the little villages, thatched roofs, and go to a typical English pub – everything is so pretty and old here."

But this traditional image of Britain is one which the British Tourist Authority is trying to counter in its efforts to appeal to younger visitors – particularly those from mainland Europe and the Far East. The authority is partly funded by the government and promotes the country as a tourist destination.

The message is that Britain is more hip than heritage and more about the club scene than the Changing of the Guard. To try to target growing numbers of tourists from the Far East, it ran a London campaign featuring Faye Wong, the Cantonese pop star, dancing in a mini-skirt and Beefeater's hat to persuade younger travellers that London is a fun and exciting city.

Two glossy BTA promotional magazines, *UK The Guide* and *British By Design* have eschewed Britain's traditional attractions in favour of features on fashion, nightlife, modern architecture and thriving designer restaurants which have expanded from London into the regions.

Mr Anthony Sell, chief executive of the BTA, admitted that some of its partners in industry were aghast at the new campaign. "They thought we had lost our marbles. 'Are we throwing away the Beefeaters and heritage?' they asked." He said the BTA was not attempting to ignore Britain's traditional appeal, "but we have to modernise the message – and to show that Britain's unique appeal lies in the combination of the old and the new – to win our share of an increasingly competitive international market".

Two years ago, Britain's share of the world tourism market had fallen to a record low of 4.4 per cent, and growth in tourist arrivals was slower than for most of its European competitors. But last year a record 23.7m visitors, up 13 per cent on the previous year, helped Britain increase its share to 5 per cent.

The BTA expects a further 10 per cent increase in tourists this year – at a time of difficulty for the tourism industry in many of its European neighbours including France, Greece and Austria.

It has taken time for people to realise that Britain's leisure life has changed, according to Mr Sell. With changes in the liquor laws, many bars and cafes are still buzzing late at night. "The explosion of eating-out places and club life has spread out of London to other cities," he said.

Tourists make up a large part of the eating-out market in Britain: they are expected to account for 13 per cent of eating-out business this year, according to The Henley Centre, the forecasting group. Combined with the growing number of Britons who are eating out, they have helped to support the growth in restaurants, bars and cafes.

Other factors which have helped the UK tourism industry include the relative weakness of sterling and the opening of the Channel Tunnel between England and France. Ferry price competition has also helped increase the number of people visiting from mainland Europe, to the extent that two-thirds of visitors now come from this market.

High-spending American visitors have also returned, after numbers dropped off sharply during the Gulf War. Last year, a record 3.3m visitors from North America spent more than $3bn in the UK – one sixth of the nation's total tourism receipts. But competition for a greater share of the North American market is strong, especially from the cruise industry and the Caribbean.

Scheherazade Daneshkhu

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PANAMA

New rules to old games

It is all change as the US leaves. Stephen Fidler describes the end of a sense of drift

In a formal ceremony today, the Stars and Stripes will be lowered for the last time over a piece of land the US has occupied for more than 90 years. Fort Amador, where the US Army built an artillery battery in 1919 to defend the Pacific entrance to the Panama Canal, was returned to Panama yesterday under a phased pull-out by the US military from its bases in the former Canal Zone.

A majority of the Canal Zone, a five mile strip on either side of the Panama Canal ceded by treaty in 1903 to the US by the newly created republic of Panama, has already been returned to Panama. Under new treaties ratified in 1979, the rest, which are the most important economically, will be returned by midday on December 31, 1999.

A special Panamanian government agency, the Interoceanic Regional Authority (ARI), is now working intensely to attract foreign investment to try to ensure the properties are put to productive use. But the fact that it has taken almost 20 years since the treaties were negotiated in 1977 to come to grips with the return of the bases is symbolic of much else in Panama.

If for all of Latin America the 1980s were painful, for Panama they were devastating. According to Ricardo Arias Calderón, an opposition politician, the country suffered a "double trauma": the dictatorship of General Manuel Noriega which placed the country at the disposal of drug traffickers, and the December 1989 US invasion that ousted him.

The early 1990s were a period of rapid recovery after the economic collapse of the late 1980s. However, the government of President Guillermo Endara, the victor of the 1989 elections annulled by Noriega, quickly became unpopular and prey to infighting among the political groups that formed his coalition. Arias Calderón, Endara's first vice-president until he resigned in 1992, argues that its principal virtue was to have consolidated democracy.

The 1994 elections, however, brought the dramatic political recovery of the Party of Democratic Revolution, the political vehicle of the country's dictators, with the election to president of Ernesto Pérez Balladares. The result raised dire predictions of a return to the predatory narcopolitics of the 1980s and the risk that many beneficiaries of the dictatorship would return to reclaim the prizes of power, such as the returning US bases.

The freedom of action of Pérez Balladares, a former banker, was tempered by the lack of a PRD majority in the single-house legislature, forcing him to seek support from other political parties. The president has also been forced to admit that his campaign benefited from finance from the Cali drugs cartel, though there is no implication that he knew about it. He handled the issue cleverly and retains the public backing of the US which remains an important arbiter in Panama. Partly as a result, the government has not been able to erase the popular sentiment that it is more corrupt than its predecessor.

It has managed, however, to arrest a sense of drift about the economy. It has settled the last of the debt defaults of the Noriega era, moved ahead with privatisations and granted concessions to private investors to develop infrastructure and to take advantage of the country's underexploited location. It has also taken the difficult decision to join the World Trade Organisation, which signifies the opening of previous heavily protected agriculture to foreign competition.

What is behind this is the slowing of growth after the rebound from the economic debacle of the 1980s, and stubborn unemployment. Panama's economy is so dominated by services that bananas are the country's main export: services account for 70 per cent of economic activity. Its service industries – banking, the canal and the free trade zone at Colón – will remain pillars of the economy, but do not offer much prospect of future growth.

Panama's offshore banking sector remains anchored in the 1970s, when it was ahead of its time. Now, the international banking business has moved on, and lax bank supervision – which the government is proposing to change with a new law – and persistent criticism from the US over laundering of drugs money signifies that its image needs cleaning up.

The canal, close to capacity at least until the next century when new investment should have widened it, offers only modest growth. The position of the free trade zone has been challenged by the shift away from protectionism that has occurred across Latin America. A further source of income – the US military presence in the country – will shrivel to zero by the turn of the century unless new agreements are reached with Washington.

Thanks to its service industries, Panama still boasts the eighth highest per capita income in the Americas. But development has brought about a dual economy in which those who work in services enjoy much higher living standards than those outside. As a result, Panama's income distribution is the third most unequal in the western hemisphere.

Diversifying the economy to resolve these issues will require investment, mainly foreign, to develop new industry in Panama. Tourism and mining offer interesting prospects, as does manufacturing, albeit to a limited extent, because of Panama's high cost of labour compared to its central American neighbours.

Shipping is seen by government and investors alike as a crucial sector: private investment is pouring into ports and is likely in the moribund trans-isthmus railway.

If such investment is really to flourish, investors will have to be assured of clear rules of the game, which will be difficult in a country where family ties and old friendships rank as higher virtues than the rule of law.

Following through on the structural reforms that foreign investors and international financial institutions see as necessary will also be difficult for a party with populist roots, particularly since in the short-term the changes imply less rather than more employment.

Central to the success of the effort will be the constructive use of the properties reverting to Panama from the US military. The US will retain responsibility for the defence of the canal after 1999, but unless a new agreement between the two countries is reached in the meantime, the US military presence in Panama will disappear. Some 67,000 US army and navy personnel were stationed in the country at its peak in 1942. Since 1994, their numbers have fallen from 10,200 to 6,800 now, and will drop to an expected 4,410 next year.

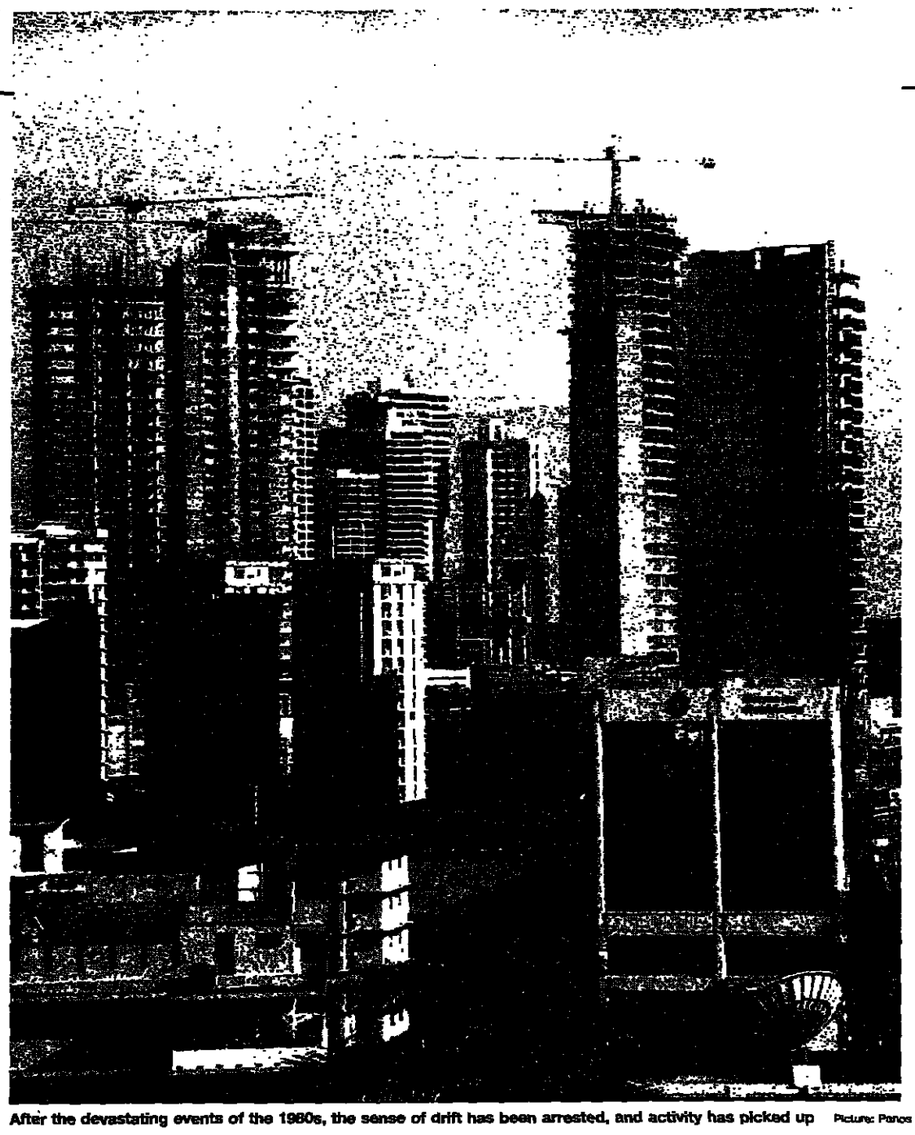
The US and Panama have agreed to explore the possibility of a continuing US military presence into the next century. That the US is interested in such a possibility is suggested by the formal appointment expected soon of John Negroponte, a former US ambassador to the Philippines, Mexico and Honduras, as the US co-ordinator for "post-2000 issues".

Mr Pérez Balladares has suggested the use of some of the facilities for a multinational counter-narcotics force. The suggestion, said William Hughes, the US ambassador to Panama, "is something we'd like to examine very carefully". The continuing use of Panama for the military training of US reserves was also possible.

However, he added: "Whatever happens we are going to comply with the treaties. There will be no permanent military bases. The question is whether beyond 1999 Panama and the US can negotiate a new lease agreement." However, the US will not pay rent to keep bases, as some Panamanians are demanding. "The US doesn't pay rent [to station its military] anywhere in the world," he said.

US Defence Department estimates suggest the US presence directly contributed some $366m last year to the Panamanian economy, some 5 per cent of GDP. However, it would not take hugely intensive use of the reverted properties to yield greater benefits to the economy. According to a report from two Panamanian economists, Marcos Fernández and José Galán, the value of the properties returning to Panama is some $4.3bn, and an average profit of only 9 per cent a year before taxes will be necessary to replace the revenues lost through the US withdrawal.

"The reality is that the counterpart to this withdrawal – the transfer of potentially productive assets to the national economy – has the capacity to generate much more employment and revenue than that lost by the base closure," the report says.



After the devastating events of the 1980s, the sense of drift has been arrested, and activity has picked up Picture: Panos

IN THIS SURVEY

The historic statue of Vasco Nuñez de Balboa, after whom the city of Balboa and the local currency are named

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■ **Politics** • by Stephen Fidler

Graft gets riskier

Government faces more local and world media scrutiny now than in the past

The 1980s left the party of Panama's dictators in a shambles. As the current decade dawned and Panama counted the cost of the US invasion of December 1989, it seemed inconceivable the Democratic Revolutionary Party (PRD) would ever again be voted into office.

The PRD was created in the 1970s to become the party of power, in emulation of Mexico's Institutional Revolutionary Party. It was the party of General Omar Torrijos, who renegotiated in 1977 the Panama Canal treaty with the US and who died in a 1981 aircraft crash, and of General Manuel Noriega, deposed by the US in December 1989 and now serving a 40-year sentence in a US jail on drug trafficking and money laundering charges.

As Panama's economy deteriorated during the 1980s, it had taken growing and more obvious electoral fraud to preserve its hold on power. When recounted, the results of the May 1989 election, which had been annulled by Noriega, gave the opposition 51 seats and the PRD-led coalition six.

But the PRD was quick to come back, helped by a lack of public faith in the government of President Guillermo Endara, the victor of the 1989 presidential election who was sworn into office on a US military base at the start of the invasion. Mr Endara's government was weakened by corruption allegations and divisions among his governing coalition, whose members started factional infighting once their common enemy, Noriega, had been removed.

According to Ricardo Arias Calderón, a Christian Democrat who was Endara's former first vice-president and who resigned his post in December 1993, the Endara government's achievement was to consolidate democracy after the "twin trauma" of the Noriega years and the US invasion. Democracy "passed the test of fire" with the 1994 elections and "there is a widespread consensus shared by the party of the dictatorship that supports the democratic system", he said.

One change, however, that the Endara government and its allies – many from the pre-Torrijos oligarchy known as the "rabi-blancos" or white tails – did not introduce, was a second round for the presidential elections. Second rounds are now almost the rule in Latin America but, argues Mr Arias Calderón, they "resolve electoral problems but not problems of governability".

The lack of a second round and the failure of the rabi-blancos to agree on a common candidate allowed the PRD contender, Ernesto Pérez Balladares, to win the 1994 election with only 33 per cent of the votes. With the recognition that their infighting probably cost them the election, the Christian Democrats and the right-wing Arnulfista Party have started discussions over a common candidate for the 1999 elections, talks which may expand to other parties.

Despite its presidential victory, the PRD's Pueblo Unido alliance failed to win a majority in the single-chamber legislature, leaving the new president dependent on other parties to win support. As a result, he included opposition figures in his cabinet, including a Christian Democrat, Guillermo Chapman, in the influential position of planning minister.

The Pérez Balladares government has been credited by bankers and international financial institutions for setting about reform in a more dynamic way than its predecessor. However, it has not managed to erase the taint of corruption associated with the party since the dictatorship.

An opinion poll published last month showed a majority of Panamanians believed the current government to be more corrupt than the Endara and even, incredibly, the Torrijos governments.

Mr Pérez Balladares has been forced to admit that he received contributions, totalling $51,000, from an important figure in the Cali drugs cartel, José Castrillon Henao, who was arrested in Panama in April this year. The president's admission and his statement that he did not know about the contribution and that it was not solicited, led Washington to contrast his reaction favourably with that of Colombian president Ernesto Samper, who faces allegations that he accepted Cali cartel funds in his 1994 campaign.

Nonetheless, the collapse this year of Banaico, a bank allegedly associated with money laundering, has also been linked with figures close to the government. Although Panamanian secrecy laws mean it is quite possible neither man knew what was going on at the bank, Roberto Alberto Arias, Panama's ambassador to the US, was its largest nominal shareholder and Mayor Alfredo Aleman, a large contributor to the PRD campaign and a friend of a number of cabinet members, was its vice-president and secretary.

Several privatisations and concessions have also been widely criticised as lacking transparency to the extent that, in order to allay corruption allegations, the government has brought in the anti-corruption pressure group Transparency International to oversee the privatisation of the telephone company, Intel.

To some extent, despite the widespread feeling that it is still endemic, large scale corruption may be becoming riskier. Panama faces more international and domestic media scrutiny than in the past. The US also retains a role as a public arbiter, particularly when it believes US interests have been damaged by corruption. There are also signs that, occasionally, domestic institutions can do their job. Impeachment proceedings were started last month against a supreme court judge on corruption charges.

■ **Financial services** • by Stephen Fidler

World moves on

Panama has been left behind with its numbered accounts and no questions asked

Panama's financial sector, which accounts for about 15 per cent of national income, is struggling to regain the position it enjoyed until the early 1980s. Political instability in the 1980s, a sleazy reputation that is proving hard to erase, and changes to the global banking business that successive governments appear not to have understood, have combined to damage the sector.

Assets of Panama's banking centre peaked in 1982 at some $49bn; a year later the number of operating banks reached a high of 129. By the end of 1988, as the Noriega era was coming towards its close and with a US embargo in place, banking assets had fallen to $14.9bn.

The climb has been slow. Assets of all banks rose 3 per cent during 1995 to $33.8bn, but fell 1.2 per cent in the first half of this year to $33.4bn. Deposits, which fell in 1988 to $11bn from their 1982 peak of $40bn, now exceed $25bn, with offshore deposits accounting for almost $16bn. The number of banks dropped to 108 at mid-year from 110 at the beginning, compared with the 1993 low of 105.

As international banking centres go, these are small sums. The region's largest offshore centre is the Cayman Islands, where banks hold more than $400bn of assets; banks in the Bahamas hold close to $200bn.

Compared with both, Panama's banks generate proportionately more employment and contribute almost as much to national income. Bankers say this has been in part because the government insists on a physical presence in the country.

This presents a dilemma for those who would want the sector to contribute to further growth. If it is to grow, at least as a booking centre for bank assets, bankers say Panama must reduce demands on banks to maintain a physical presence. However, such a change could well reduce employment and the contribution to GDP of the banking sector.

Furthermore, the long-term future of all offshore financial centres is questioned by some financiers, given the increased attention focused on them by tax and legal authorities, particularly in the US.

Such pressure has already resulted in changes. The previous government of President Guillermo Endara signed a Mutual Legal Assistance Treaty with the US in April 1991. This year, legislation to tighten control on drugs money laundering went into effect, including US-style regulations that call for cash deposits of more than $10,000 to be reported.

The government is also pledged to reform the 1970 banking law to create an autonomous regulating entity, and to ensure adherence to the Basle accords on capital adequacy.

The need for such modernisation was underlined by the collapse in January of the Agroindustrial and Commercial Bank, known as Banaico. Of the bank's $88m loan portfolio, $59m was in bad loans, and at the end of March the bank was put into liquidation. A small insurance company with $7m in deposits in the bank was also put into liquidation.

"The Banaico affair is a classic example of what's wrong," said one banker, who asked not to be identified. "Numbered accounts and no questions asked. In today's world, this just won't fly. It's the same product that the military was offering 20 years ago ... It worked for many years, but the world has moved on and Panama has not kept pace."

The reputation of Panama as a haven for money laundering also affects legitimate business. Some US banks, for example, have pulled out of trade finance for the Colón Free Trade Zone because of suspicions that it is used for money laundering. Hongkong & Shanghai Bank is still fighting a case that has been pending in the US since 1992 over alleged money laundering, after financial instruments that had apparently been through the hands of Colombian drug traffickers turned up in the New York clearing system. The instruments had come via the bank's Panamanian branch and what the bank said was a legitimate trade financing operation.

Apart from some Latin American banks which have opened in recent years mainly to gather dollar deposits, Hongkong & Shanghai, now operating under the Midland Bank name in Panama, is one of the few established banks seeking to expand its presence. The bank sees the country as a "bridge" between Asia, Europe and the US, where it has a strong presence, and is also a natural place to run a trade finance operation, said Julian Totty, deputy chief executive in Panama.

The government has also passed a new insurance law, and moves are being made to develop what has until now been a fairly moribund capital market. Prospects have been helped by this year's Brady debt accord, which brought it current on its commercial debt obligations for the first time since 1988.

A number of bond issues have been launched, including a $30m issue for Taca International Airlines of El Salvador, and $10m and $30m for the Colombian banks, Banco de Colombia and Banco Ganadero.

■ **Free zones** • by Sally Bowen

Decaying warehouse

It is a business relationship only: nobody wants to stay over in Colón

Nowhere is the contrast between the two Panamas more stark than in and around Colón, at the Atlantic end of the canal.

This is the home of the Colón Free Zone (CFZ), warehouse of the world's goodies. Each weekday morning, buyers arrive in droves on the small Aeroperlas-operated flights from Panama City to place their orders. By 4.30pm, they are boarding the 15-minute hopper back to the capital.

Nobody wants to overnight in Colón. Robberies, muggings and drug abuse are rife; unemployed youths and tired old men while away time drinking on street corners, the termite-riddled wooden houses decaying around them.

A question-mark hangs over the future of the 48-year-old free zone. Traditionally, its core business is breaking down bulk orders and repacking them to customers' specifications. "But as the Latin American economies get bigger, they buy direct and in bulk," says Yueh-terng Lin, CEO of the huge Taiwanese container shipping company.

To make matters worse, a revenue-raising exercise by the Pérez Balladares government slapped a 15 per cent tax on CFZ business' net profits, with effect from July 1995. Free zone merchants – never the most scrupulous taxpayers even at the earlier maximum rate of 8.5 per cent – were obliged to pay tax in advance, calculated on their previous year's sales.

"It instantly made us non-competitive compared to other re-export zones," says Victoria Figge, CFZ general manager. After heated protests, and the withdrawal from the zone of several businesses, including Canon, the government commissioned an independent study. The result: from January 1997, CFZ businesses will pay no tax at all.

The reversal of the government's decision underlines the importance of CFZ to the economy. According to Ms Figge, it contributes "between 13 and 14 per cent of GDP, compared to 9 per cent from the Canal." The 1,600 businesses in the zone give employment to 14,000 Panamanians and at least some of the now tax-free profits are reinvested in Panama, principally in construction, says Ms Figge.

Total commercial activity is little short of $11bn a year. In 1995, CFZ imported goods worth $5.17bn; re-exports fetched $5.78bn (1994 figures were $4.9bn for imports, $5.75bn for re-exports).

But even assuming that activity will return to normal after the tax scare, falling tariff barriers throughout Latin America are likely to limit future growth. "Whatever happens to the economies we sell to affects us almost immediately," says Ms Figge.

Mexico's peso crisis, she says, was as much to blame as the tax threat was for lower values in 1995. And in Venezuela, economic problems provoked a swift contraction in re-exports: they accounted for just 4.8 per cent of CFZ's 1995 income.

Ms Figge faces her uphill struggle with optimism. She sees the CFZ as "starting to use our position and our expertise globally to become a redistribution and logistics centre". The CFZ, she says, continues to offer unbeatable service.

Meanwhile there was relief – even jubilation – when, on 19 September, President Pérez Balladares signed the new zero tax bill into law. The government estimates this will cost it $40m a year in lost revenue.

Calling on CFZ operators to create more jobs, the president warned time was running out for a "prosperous free zone surrounded by a belt of poverty and misery".

Judging by current levels of activity, the new transshipment ports at Manzanillo, Coco Solo and, eventually, Cristobal, may prove brighter prospects for Colón's unemployed.

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■ **Economy** • by Stephen Fidler

High marks for budget management

An economic base so narrow that bananas dominate exports, has to diversify

Throughout the 20th century, Panama has enjoyed price stability that has eluded the rest of Latin America. Inflation has been lower than any in the region for one reason: the adoption of the US dollar in 1904 as the official currency.

Among sovereign states, only Liberia and two former US dependencies in the Pacific have taken a similar course. It has meant that the only discretion the government has over its currency, the balboa, is the issue of coins. Money supply is determined by capital flows and by the balance of trade.

One consequence has been that any budget deficit has had to be financed in dollars. Past deficits, and the debt arrears built up during and after the Noriega era, has left Panama with a high foreign debt – some $7bn implies per capita debt of around $2,600.

The country's arrears with creditors were finally settled on July 17 with the completion of a Brady agreement over commercial bank debt, leading to the issue of some $8.5bn of Brady bonds in place of almost $4bn of principal and back interest.

The deal leaves the government with a clean sheet and the option of borrowing abroad – one which it has indicated it might take. But it has also bequeathed a heavy debt servicing burden which will from next year, according to planning minister Guillermo Chapman, take up some 27-28 per cent of the government's current income. This will increase beyond 30 per cent in 2001 as capital becomes repayable on most of the Brady bonds.

Despite such pressures, the government gets high marks from the international financial institutions for its budget management. It is aided by the fact that, unusually in Latin America, contributions to the state pension system currently exceed payments.

It has also taken action to improve tax collection, which has helped keep the public sector in a surplus last year of 0.2 per cent of gross domestic product, and produce a surplus this year of an expected 1 per cent.

This is despite anaemic growth in the last year. In the early 1990s, Panama was one of the region's fastest growing economies, but this was largely due to the recovery from the collapse associated with the US embargo and the invasion of the late 1980s. Growth last year was 1.9 per cent, the slowest of the 1990s and compared with 3.7 per cent in 1994.

Though growth may pick up modestly this year, unemployment remains a pressing issue. It has officially been stagnant for some time at around 13.7 per cent, a figure some consider an underestimate. Youth unemployment is higher, at least 20 per cent, and in some urban areas such as Colón it approximates 30 per cent.

Most economic observers believe a diversification of the economy is necessary to generate future growth. Services account for more than 70 per cent of economic activity, and dominate the economy such that bananas are by a long way the most important export. However, none of the service sectors – banking, the Colón free trade zone or the canal – seems likely to generate much growth.

The case for diversification has been reinforced by the possible pull-out of all the US forces which will occur gradually until the end of 1999, unless some accord between Washington and Panama is reached in the meantime. US estimates suggest that last year its military presence in Panama contributed some $366m to the economy, around 5 per cent of GDP. This will fall to a projected $195m in 1999, and to negligible levels the year after, unless some troops stay on.

The government accepts the need to diversify the economy. Mr Chapman identified services associated with shipping – helped by the more efficient ports that will result from reform – as one potential source of growth. Others included the free trade zone in Colón which should also benefit from port development, tourism, mining and agriculture.

The government is also hoping that the reversion of the areas now occupied by the US military will provide a platform for new economic activities, and encourage foreign investment in areas such as manufacturing. Two Panamanian economists, Marcos Fernández and José Galán, have estimated that a profit before taxes of only 9 per cent a year will be needed on the properties reverting to Panama to replace the revenues from the US military. They estimate the value of the properties at $4.3bn.

However, some of the government's measures may generate more unemployment before any long-term benefits start to take effect. The government is moving ahead with plans to privatise utilities, the telephone monopoly and other state-owned businesses, most of which are in a difficult post-bidding negotiation stages, but which, if successful, are likely initially to reduce employment.

The government has also announced its intention to join the World Trade Organisation, it is hoped in the next six months. As a result, the protection of domestic industry and agriculture will be reduced to the chagrin of many. Mr Chapman points out that as quotas are abolished to meet the conditions for membership, the average tariff level will increase from 20 to 32 per cent. However, peak tariffs, which now are as high as 90 per cent, will come down to a maximum 40 per cent.

Government and constitution

Head of state: President Ernesto Perez Balladares

■ **Political system**

President is head of state and appoints the cabinet. There are two vice-presidents. President is elected for five years, as is the 72-member unicameral legislature.

■ **Ministers**

Trade and Industry: Nilzia de Villareal
Development and Agriculture: Carlos Sousa Lenox
Planning and Political Economy: Guillermo Chapman
Finance and Treasury: Olmedo Miranda

■ **Contact numbers (commercial)**

British Commercial Section, British Embassy, PO Box 889, Zone 1, Panama. Tel: (507) 2690866 Fax: (507) 2230730.
US: (507) 2271777 Canada: (507) 2649731 Germany: (507) 2637733 France: (507) 2267824 Italy: (507) 2263111 Japan: (507) 2636155

Economic summary

	1994	1995
Total GDP ($bn)	6.96	7.22
Real GDP growth (%)	3.7	1.9
GDP per capita ($)	2,700	2,750
Inflation, consumer prices (%)	1.3	1.2
Foreign debt ($bn)	7.1	7.07
Debt service (%)	16.6	26.9
Unemployment (%)	13.6	13.7
Total reserves minus gold ($bn)	704.3	781.6
Exports ($m)*	583	593
Imports ($m)*	2,400	2,510
Balance of trade ($m)*	-1,82	-1,92
Current account ($m)	-519	-587

* Excludes imports to and reimports from Colón Free Trade Zone

■ **Mining** • by Sally Bowen

A most controversial wealth

Environmental scares and the threat to tribal lands make regular headlines

Since it provided some 30 tonnes of gold to help finance the "invincible" Spanish armada, Panama's mining potential has been one of its best-kept secrets.

A UN study in the 1960s reaffirmed the existence of interesting gold prospects and established three major copper-bearing areas. Subsequently, a $150m credit from the World Bank kick-started some activity.

Big international players like RTZ, Mitsui, Asarco and Anaconda set up drilling programmes in Panama until exploration financing ran out in 1979. When, two years later, then head-of-state General Omar Torrijos – an advocate of mining development – died in an aeroplane crash, the state's interest in mining died too.

With today's more stable political and economic climate, Panama poses tantalising challenges to the private investor. The 6bn tonnes of copper in the country's three main identified areas represent the ninth biggest reserves in the world and several foreign mining companies, primarily Canadian, are close to serious commitments.

Teck and Inmet Mining of Canada, in association with the Adrian group of Panama, will decide in November whether to proceed with development of the Petiquilla copper deposit. The ambitious project involving construction of roads and a port would cost over $500m, but the mine would have a 40-year life.

Also pending final results of a feasibility study is the development of Cerro Colorado in Chiriqui province: with 1.4bn tonnes averaging 0.78 per cent copper, it is the world's fourth-largest, if low-grade, undeveloped deposit. Panacobre, a subsidiary of Toronto-based Tiomin Resources, already has a 120-worker camp on site.

Investment in a solvent extraction-electrowinning plant to treat the oxides will cost between $250m and $300m. Second-stage development could mean $400m-plus, say executives.

Aside from its copper prospects, Panama points to an interesting future in gold. The Greenstone-operated Santa Rosa concession came on stream last year: exports this year will earn about the same as initial investment, some $25m. Cerro Quema, another new gold deposit owned by Campbell Resources, should net $23m a year when it starts operating next year, meaning a useful $50m-plus in foreign exchange for Panama from gold alone.

Lacking a mining tradition, Panamanians are sceptical about, if not openly hostile to, large-scale minerals development. Environmental scare stories and the threat to historic Indian tribal lands make newspaper headlines. The government has dragged its feet, failing to approve any new exploration contracts for over a year.

But, around mid-September, the message from frustrated miners got through, and the controller-general gave the green light to eight contracts in a week.

"We've suffered major setbacks and we still have a lot of educating to do," says Richard Fifer, president of the mining chamber. "But the government is starting to see that, properly developed, mining could grow to 15 per cent of GDP and directly employ 3,000 to 4,000 people within five to seven years."

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STRENGTHENING TOWARDS THE NEW CENTURY

PANAMA MOVES AHEAD ITS PRIVATIZATION EFFORTS OFFERING TOP INVESTMENT OPPORTUNITIES

Panama is moving in a fast-tract road to modernize is transport and telecommunications infrastructure attracting foreign firms and fresh investment capital. Among the most recent privatization actions implemented during the current year are: a twenty-year mobile cellular concession to Bell South who offered $72.0 million dollars in a public bid last January, 1996. toll roads contracts awarded to Mexican firms PYCSA and ICA for a city loop and a transisthmian 4-lane highway amounting over $400.0 million. Port facilities concessions have been awarded to Evergreen and Hutchison Port HOldings both corporations from Asia. Other projects in the pipeline for 1996-1997 are the following:

1. **INTEL S.A.,** the telecommunications corporation is up for sale of its 49% of stock, with over 300,000 phone lines. Second round of its prequalification process has been announced internationally for private corporations to participate in the bid early 1997.
2. **ATLAPA CONVENTION CENTER.** Panama's Convention Center "ATLAPA" will be up for a 15-year concession including rights to build a hotel and casino within its premises. The public bid is to take place before the end of the current year.
3. **CORPORATION AZUCARERA LA VICTORIA (CALV).** Two sugar mills are up for privatization with the assistance of Coopers & Lybrand consulting group. CALV controls part of the sugar quota with the United States of America, and the public bid is to take place early next year 1997.
4. **HIPODROMO PRESIDENTE REMON (HPR).** Two racetrack operators are negotiating contract with the Government of Panama (GOP) to operate its horse racetrack facilities for 20 years. Final bid process should take place next October/96.
5. **CASINOS NACIONALES.** The Panama Gaming Commission initiated the process to prequalify operators for its 10 existing full casinos and over 11 venues of slot machines. Over a dozen foreign operators are expected to complete in the public bids programmed for the end of the current year, in which the Government of Panama will select 3 operators to run casinos and slot machines venues.
6. **PUBLIC REGISTRY.** New technology will be acquired through an outsourcing contract by Panama's Public Registry. The new technology using "optic imaging" will substantially improve services and provide efficient operations in lieu of its outdated microfilm process. The outsourcing public bid will be announced by the last quarter of 1996.
7. **POTABLE WATER PLANT.** The Institute of Potable Water and Sewers Systems (IDAAN) is to bed a 20.0 million-gallon potable water plant to supply water to the Arraijan-Chorrera -Capira districts. Prequalification request was announced last August, and the public bid should take place no later than end-of-year 1996.
8. **OTHER PRIVATIZATION ACTIVITIES** to be implemented during 1997 are the following: Solid waste collection, administration of the national airport facilities, construction of the jail facilities and postal services among others.

MINISTERIO DE HACIENDA Y TESORO
UNIDAD COORDINADORA PARA EL PROCESDO DE PRIVATIZACION
PROPRIVAT

AVE PERU Y CALLE 35, APARTADO POSTAL 1464-PAITILLA PANAMA R. DE P. -
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■ **US military base withdrawals** • by Sally Bowen

A sense of urgency

The 'second independence' turns out to be a mixed blessing

Three weeks ago, the general commanding Panama-based US Army South removed his name plate from the front door of the Fort Amador residence that has housed 20 of his predecessors since 1948. On October 1, Fort Amador becomes Panamanian territory again.

In what some Panamanians are calling a "second independence", some 32,000 ha of US military bases in what was once the Canal Zone are "reverting" to Panama. The staggered withdrawal has been under way since 1979 – when the 1977 treaties between General Omar Torrijos and President Jimmy Carter came into effect – and should be complete by the end of 1999.

Fort Amador is the "jewel in the crown", 84 ha of prime waterfront real estate with three lush islands linked by a US army-built causeway. There are ambitious plans to turn it into an upmarket resort with a convention centre, a monorail, shopping malls, time-share villas and a terminal for cruise ships. It is only a few minutes' drive from the capital.

According to Nicolas Ardito Barletta, once elected president of Panama and now heading the Interoceanic Regional Authority (ARI), the agency charged with incorporating the "reverted" areas, there are seven proposals for Fort Amador involving investment of $300m in six years. The contract, with a group of Korean-Americans "is now being signed", he said.

Although the US withdrawal has been planned for almost two decades, it is only in the past year or so that any sense of urgency has descended. Suddenly, Panamanians realised the economic benefits of a US presence: the bases are estimated to contribute up to 5 per cent of GDP. Over 4,000 Panamanians are employed directly by the US, another 11,000 indirectly.

The bases may indeed be attractive, particularly for their location. Although estimates of their worth vary, a recent study puts the value of land and improvements at $4.3bn. Upkeep, however, is daunting: basic maintenance on Forts Davis and Espinar alone, transferred last year, costs $260,000 a month.

Following some heated debate over the trade-offs between sovereignty and economic benefits, opinion polls earlier this year favoured a continuance of the US presence. However, if no rent is paid – out of the question, according to US officials – then most Panamanians would rather see the gringos leave.

The problem for Panama is what to do with the land and installations. Coco Solo on the Atlantic side of the isthmus serves as a grim reminder of what the tropics can do to buildings that are not maintained. Once an attractive complex, the Coco Solo base "reverted" in 1991 and today, apart from the squatters who have moved in, it lies in desolate decay, weeds thrusting through the hard tennis courts.

ARI is supposed to avoid any repeat of Coco Solo. Three years into a 10-year mandate, it has full authority to receive and maintain properties, plan their use, privatise them and deposit revenues into a "national development fund" earmarked for social and infrastructure spending.

"We're putting in place a development strategy which gives priority first to maritime business, second to export promotion, third to tourism and fourth to creating a 'city of knowledge'," says Mr Ardito Barletta. "Our policy is to create an administrative environment to attract foreign investment into profitable activities."

The ARI authorities can point to some successes. On the Coco Solo waterfront, the $220m Manzanillo International Terminal for container ships, built as a US-Panamanian joint venture in 1994, is building a thriving trade. Evergreen, the Taiwanese shipping conglomerate, is constructing a similar facility on reverted land.

Fort Davis, also at the canal's Atlantic end close to the Colón Free Zone, is optimistically scheduled as an export processing zone. ARI has signed a joint venture with a Taiwanese government-created holding company. With Panama providing infrastructure and housing for Taiwanese managers, it is hoped to employ thousands locally in manufacture of plastics, toys, auto parts and textiles.

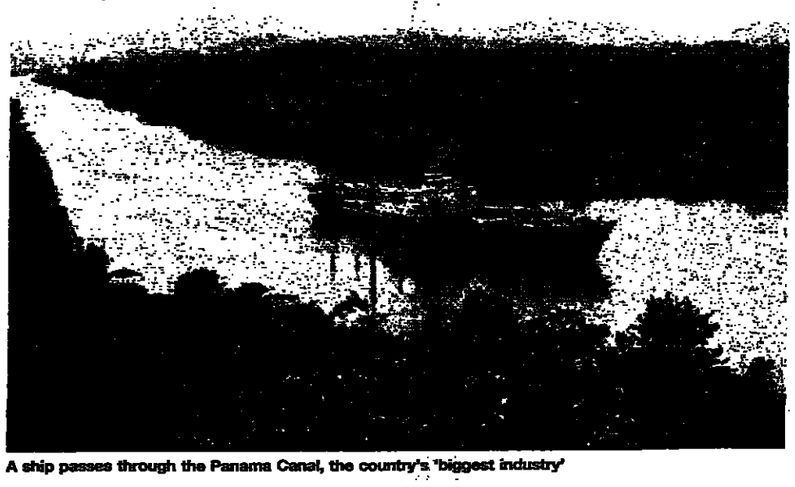
ARI officials say their brief is "to sell as much as possible, not remain the lessor". So far it has disposed of 300 of the thousands of houses on the bases at prices ranging from $30,000 to $90,000 and applying, somewhat vaguely, "social criteria" in its decisions. Proceeds are supposed to go to a special fund to build low-cost housing for Panama's poor.

Another of ARI's duties is to protect the vital canal watershed from invasion by squatters or small farmers. To date it has granted 3,500 ha as concessions to local businessmen for reforestation projects.

Even so late in the day, some continued US presence cannot be ruled out. Formal bilateral discussions planned for November 1995 were suspended at Panama's request but, according to US officials, informal talks have continued. The US government has also proposed that John Negroponte – former US ambassador to the Philippines, Mexico and Honduras – act as "co-ordinator for post-2000 issues", suggesting that US interest in Panama is far from dead.

One suggestion, made by President Pérez Balladares this year, would be to turn Howard Air Force Base with its radars and sophisticated intelligence-gathering equipment into a counter-narcotics centre for Latin America.

"It's implicit that such a centre would be multilateral," says a US official. "As well as intelligence-gathering, it would to some extent co-ordinate cross-border operations and provide law enforcement training."



A ship passes through the Panama Canal, the country's 'biggest industry'

■ **Shipping and tourism** • by Sally Bowen

A sea change in image

Last year Panama's shipping registry celebrated its 70th birthday by gaining election to the ruling council of the International Maritime Organisation (IMO). It is a welcome change in image for what is now the world's largest registry, but one which has for years been criticised for lax safety standards.

"We've paid our debts so we're in good financial standing, and our inspection system is improved," says Abraham Sofer, the registry's director-general since 1994. It is also focusing on registering new, larger vessels, which raises overall technical standards, he says.

A new law passed in July 1995 gives discounts of up to 20 per cent to shipowners who register at least three vessels totalling 50,000 to 100,000 gross tonnes. Over that weight, the group discount can rise to 50 per cent.

Panama is also trying to lure vessels registered elsewhere. The directorate-general can waive fees for the first year for ship-owners who switch, providing the vessels remain under the Panamanian flag for a minimum of four years.

Even though forthcoming entry to the WTO has obliged Panama to forfeit the long-established consular invoice requirement (worth up to $6m a year), the registry will still bring in over $44m in revenue this year, only slightly down on 1995's record-breaking $47.5m.

The number of registered vessels in September stood at 13,618. Although this is only 1,800 more than in 1984, in the same 12 years gross tonnage has more than doubled to more than 101m gross tonnes.

Optimists predict a boom

Enrique Pesantez has been selling Panama as a tourist destination for 28 years – not always an easy job. At best, foreigners associate his country with the Canal and duty-free shopping; at worst, with troops and drug smuggling.

"Panama has an unusual mix of native culture, rain forests, adventure tourism and unspoiled beaches," he says. The dollar currency and the fact that most Panamanians speak English, adds to the appeal for the North American tourist.

But much groundwork needs doing. The national tourist board IPAT estimates that only 16 per cent of foreign visitors (just over half a million came through the international airport last year) are "real" tourists: the others are on business, commercial shopping trips or visiting relatives.

Panama's existing tourist infrastructure is inadequate. In a country of 2.6m inhabitants, there are only about 7,000 hotel rooms, few beach resort facilities, and poor road communications.

However, optimists are convinced a boom is on the way. Four first-class hotels are under construction in Panama City and a $300m leisure investment is planned in the next six years in Fort Amador, a former US military base on a prime waterfront site close to the capital.

Panama's only airline, privately-owned Copa, is also helping put the country on the map. It flies to 22 destinations in 16 countries, and the 120,000 passengers it carried in 1988 have grown to 700,000 this year.

The government would obviously like to increase revenue from tourism – estimated at $270m last year – and sees it as a source of much-needed employment. This year, for the first time, government and the private sector have joined forces to create a tourism promotion fund. It expects to spend $3m next year.

■ **The canal** • by Sally Bowen

The 'road' to riches

As US handover nears, Panama gears up for a slicker operation

In the control room at Miraflores locks, canal operations proceed as smoothly as the giant ships glide through the massive gates outside. Controllers keep a watchful eye on the original brass gauges, installed in 1914 and, like the canal, built to last.

At noon on the last day of the century, control of the canal will pass to Panamanian hands, ending 86 years of US dominance. The prospect is making some members of the world shipping community nervous.

It shouldn't, says Alberto Aleman, the newly-appointed administrator of the Panama Canal Commission (PCC) and only the second Panamanian to hold the position. "The Panama Canal is going to be our most important industry. We must be cost-efficient and responsive to our clients. They can be reassured we'll take very good care of the business," he says.

The recently-announced two-stage 16 per cent toll increase will not be the last, but Mr Aleman vows the canal will not become a "cash cow", as some fear.

Panamanians already effectively run the canal: only around 650 Americans remain in a total permanent workforce of 7,500. The law which will govern post-2000 canal management – currently at draft stage – calls for a quasi-independent board of 11 national directors and gives the new Panama Canal Authority president a cabinet seat.

Canal authorities expect core business to remain essentially the same after the transfer. Handling of bulk grains, especially from the US and Canada to Asia, has expanded in the past couple of years, and traffic to and from the fast-opening markets of China and Latin America is also growing.

Last year, canal tolls on almost 13,500 transits earned a record $460m, 10 per cent higher than in 1994. Around $100m a year goes to the Panamanian treasury. The remainder – for the canal is theoretically non-profit-making – enters the economy through wages, maintenance and improvements.

Mr Aleman believes the canal can do even better. High on his priority list is reducing the average time spent by vessels in canal waters: this has jumped to 33 hours from 24 over the past two years. "Time is more important to shippers than the toll," he says.

The widening of the Gaillard Cut, the only part of the canal where large vessels cannot presently pass, is being accelerated, to be completed by 2002, 12 years earlier than originally planned. Executives say this will increase capacity for ships in transit by 20 per cent.

Canal authorities are also investing in new tugs and hydraulic equipment. Most of the improvements will be complete by 2003, all by 2005. After that, the canal's only prospect for expansion is the hugely ambitious project for a third set of locks – recommended by a US-Japanese commission three years ago but not officially accepted.

The principal limitation on expansion is water. Each transit uses 52m US gallons from man-made Gatun Lake. Another set of locks would demand a new watershed and engineering work. Costs would be astronomical.

Another factor is the canal's inability to handle the huge new containers vessels known as "post-panamax". Almost a quarter of new vessels built worldwide today are post-panamax: within five years, that figure will rise to 50 per cent. Already, around 30 per cent of all vessels transiting the canal are at 160ft wide, the maximum size for the locks. With the container transhipment business booming, the trans-isthmian railway link being upgraded, and other countries like Nicaragua evaluating the possibilities of building a rival "dry canal", Mr Aleman may be fully occupied in maintaining the canal's status quo.

■ **Infrastructure and privatisation** • by Sally Bowen

Decisions attract criticism

Electricity, ports, rail, telephones are all on the list

As a heavily service-based economy, and unlike most other Latin American countries, Panama has virtually no state-owned industry. Apart from a cement factory already privatised and a handful of oddities such as a sugar mill and a racecourse, the current administration is concerned with transferring basic infrastructure to the private sector and attracting much-needed investment.

"Our economy cannot resolve the problems of poverty and unemployment by selling among ourselves," says Guillermo Chapman, planning and economy minister. "Privatisation of our ports will save expenditure and increase revenues. The same with electricity and telephones."

In the case of profit-making state-owned telecommunications company Intel, Mr Chapman admits the state will suffer some reduction in direct income "in the first two or three years of private-sector management". After that, he expects net income to grow steadily.

To date, the greatest advances in infrastructure privatisation have been in ports. Close to Colón, at the Atlantic end of the canal, six spanking-new gantry cranes and towering stacks of containers bear witness to the success of the two-year old Manzanillo International Terminal (MIT).

A joint venture between Panama's Motores Internacionales S.A. and Seattle-based Stevedoring Services, MIT obtained a 20-year renewable concession for the former US navy seaplane base in 1994. Initial investment in ro-ro berths and container facilities exceeded $120m: the second-stage expansion under way involves another $100m.

Close by at Coco Solo, the Taiwanese shipping line Evergreen – the world's largest container operator – is bulldozing a 25 ha site prior to constructing a $85m wide-berth facility. Initially, it will have capacity to unload two of Evergreen's largest container vessels simultaneously: further expansion is on the cards.

"We consider Panama will become a hub, a container terminal for distribution to all of South America," says Yueh-terng Lin, CEO of Evergreen's Panama operations. Currently, 140 Evergreen vessels a year pass through Panama, the huge "mother" vessels unloading to smaller "feeder" ships which distribute cargo to Colombian and Venezuelan ports and around the Caribbean.

Once it starts operating next August, Coco Solo will compete with MIT. It will also take important business away from Cristobal, the nearby state-owned seaport recently awarded via international tender to Hutchison International of Hong Kong. Although contracts have yet to be signed, Hutchison has also won the concession to Balboa, the port at the canal's Pacific end.

The concession for the 48-mile trans-isthmian railway, meanwhile, has gone to Kansas City Southern and two Panamanian partners. Constructed in 1855 and rebuilt in 1905 as part of the Panama Canal project, the railway deteriorated badly once the US handed it back to Panama in 1979. Kansas City Southern is to rehabilitate it and convert it into an efficient inter-modal link.

Handling of recent privatisations has provoked sharp criticisms in some quarters. Mr William Hughes, US ambassador to Panama, accused the Panamanian government of sending "a signal to world investors they can't expect just treatment in Panama" when it abruptly rejected US construction giant Bechtel's offer for the two ports and the connecting trans-isthmian railway and modified bidding procedures.

While admitting a "lack of expertise on our part", Mr Chapman rejects US criticisms. Bechtel's offer, he says, was "completely unacceptable", and the US protests "sheer propaganda".

Nevertheless, the impression remains of a disorderly, sometimes autocratic management of processes. International bidders demand clear rules of the game.

That impression has been reinforced by concessions granted for two vital toll-roads designed to free Panama City from its daily rush-hour traffic snarl-ups. The so-called Corredor Sur was recently assigned to Mexican construction company ICA, whose bid was substantially higher than its rival's.

The government's plan to finance construction by granting the winner an area of potentially prime seafront real estate has resulted in a wave of criticism and allegations of kickbacks.

Privatisers hope the sell-off of telecommunications company Intel, already under way, will prove more transparent. Following an unexpected cabinet decision to exclude bids from any company that still has state participation (such as Spain's Telefonica, which has bought into several other Latin American telecoms privatisations), Intel presently has only one suitor: GTE of the US.

A second pre-qualification round was called in mid-September. Potential bidders – such as Cable and Wireless which has shown a renewed interest – must register by the end of October. Assisted by investment bank Salomon Brothers, Intel has embarked on road-shows in the US, Japan, Singapore and Korea. Bid envelopes are scheduled for opening in late March 1997.

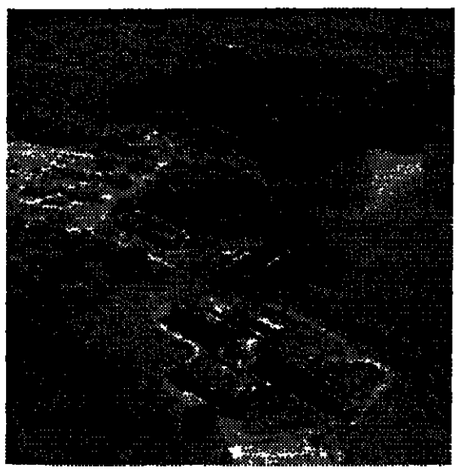
Although it must compete with far larger forthcoming telecoms privatisations such as Brazil's, Intel looks relatively attractive. With assets of $430m, it billed $240m last year, turning in $120m in net profit. Levels of unsatisfied demand are high and Intel executives say current provision of almost 11 lines per 100 inhabitants could be doubled in five years, the likely monopoly period for the new operator.

Wholly-owned subsidiary Inteicel has rights to Panama's second cellular telephone band. The first was sold at auction earlier this year to Bell South for an unexpectedly generous $72.6m.

The government is offering 49 per cent, retaining the same percentage for itself and depositing the remaining 2 per cent in a trust fund for company workers.

Though Intel managers are reluctant to predict a final price, all proceeds from this and other privatisations are officially destined for a "social development fund" to finance infrastructure projects.

PANAMA



At the Crossroads of the Americas, Panama offers a Wealth of Investment Opportunities

Spanish Conquistadors fought over the riches of Panama throughout the centuries. Four hundred years ago they knew what many investors are discovering today: Panama offers a wealth of opportunity – not only in gold (the Petaquilla gold-and-copper mine is estimated to be worth US$800 million) – but in beautiful beaches, priceless sunsets and a pro-business government that welcomes investors.

As the U.S. continues the process of turning over to Panama the land surrounding the Panama Canal, the country has undertaken the largest real estate project of the century. At the helm of these efforts is the Interoceanic Region Authority (ARI), an agency created specifically to promote and coordinate investment in the Canal areas.

At the crossroads of the Americas, Panama is home to an international banking center, the largest free trade zone outside Asia and a stable, dollar-based economy. The Government of Panama is committed to modernizing the country's economy and has initiated reforms of the labor, maritime and tourism laws, privatizations, and the creation of business incentives.

The Panama Canal areas are Latin America's best investment opportunity. With thousands of buildings, roads, electricity and a plentiful water supply, this region is perfect for hotel development, eco-tourism projects and industrial parks that have direct access to transshipment centers and ports.

Panama's opening economy and growing business opportunities are causing investors to take note. Evergreen, Radisson Hotels, Stevedoring Services of America and United Enterprise Trust Group are just a few of the companies undertaking multi-million dollar projects in Panama today.

ARI
Autoridad de la Región Interoceánica

For information about investment in the Panama Canal areas, please contact:
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Back to the drawing board

The Venice Biennale of Architecture is dominated by computer-designed play kits, writes William Packer

The 6th International Biennale of Architecture at Venice, this year under the direction of the Austrian architect and academic, Hans Hollhein, takes *Sensing the Future* as its title – which is at once portentous, self-important and meaningless. The subtitle is perhaps the more worrying: "The architect as seismograph". *Really? Does not the seismograph record what has already happened, and unpredictably and usually disastrously at that?*

In the event, like the Biennale of the Fine Arts with which it nowadays plays box-and-cox, it pays only occasional lip-service to its given theme, and is dense, dull, entertaining and fascinating by turns, if – for these are architects we are dealing with, after all – a little smarter and better-dressed. Best-dressed of all, the habit of countless Biennales, is the British Pavilion, with a quartet of displays that, in its scope, sums up the Biennale as a whole.

With Colin Wilson's British *Library in pride of place*, we have the worthy institutional face of modernism – massive, formless, conscientious, dull. We look into these interiors, with their interrupted rhythms and truncated spaces, a staircase here, a balcony there, that no amount of detail can rescue into coherency, for all the talk of "body-language" and "a high sensitivity to degrees of spatial envelopment or exposure". We look at the exterior, with its arbitrary play-kit variety making do for true invention, and we can only look across with envy and regret at the great sweep and confident simplicity of the Victorian St Pancras Station roof next door.

The truth is borne in on us, to be reinforced repeatedly throughout the Biennale, that such things could only have been designed – not worked out or refined in purely engineering terms, but designed – on the computer. The Parthenon, Durham Cathedral, S. Giorgio Maggiore, were not designed on the computer. Back to the drawing board, we used to say, but it seems from the evidence here that beyond the scribble-pad or the back of an envelope, our modern architect would hardly know what a drawing board was. And that lack of drawing, as a fundamental technique, for the richness of detail and invention and the unity of vision that it naturally imposes, shows.

The very point is made, albeit with an unwitting irony, in the design by MacCormac Jamieson Prichard for the new Ruskin Library at Lancaster University. It is accomplished in its elegant modernism, of a modest scale on a split elliptical plan, with its two curved curtain walls kept apart by a central spine with entrance at either end. But it is the emphatic reference to Ruskin's own drawings in the supporting display, celebrating the Venetian gothic in all its rich inventiveness, that tells us how mechanical an exercise this is. The architects' own apologia abounds in Ruskinian reference and theoretical justification, beliefs sincerely held and stated, but could they even have begun, let alone dared, to violate the blank conventional modernism of the exterior? Would they look as far as even the least of the gothic façades on the Grand Canal, that were Ruskin's material and true subject? It would seem they got no farther than the railway station.

With Norman Foster's *Carré d'Art* at Nimes, we come to the high-tech avant-garde of 20 years ago now become safe, conventional and academic. No harm in that. It has been done superbly, at once unaffectedly of its time and yet perfectly at one with the Roman temple beside it. The lesson we should take from it is that architecture is an art of renewal or it is nothing, and our "Heritage", dutifully preserved, would be all mud huts and turf roofs. Pseudo-Classical at Nimes would have been as ludicrous as pseudo-Wyattville at Windsor Castle.

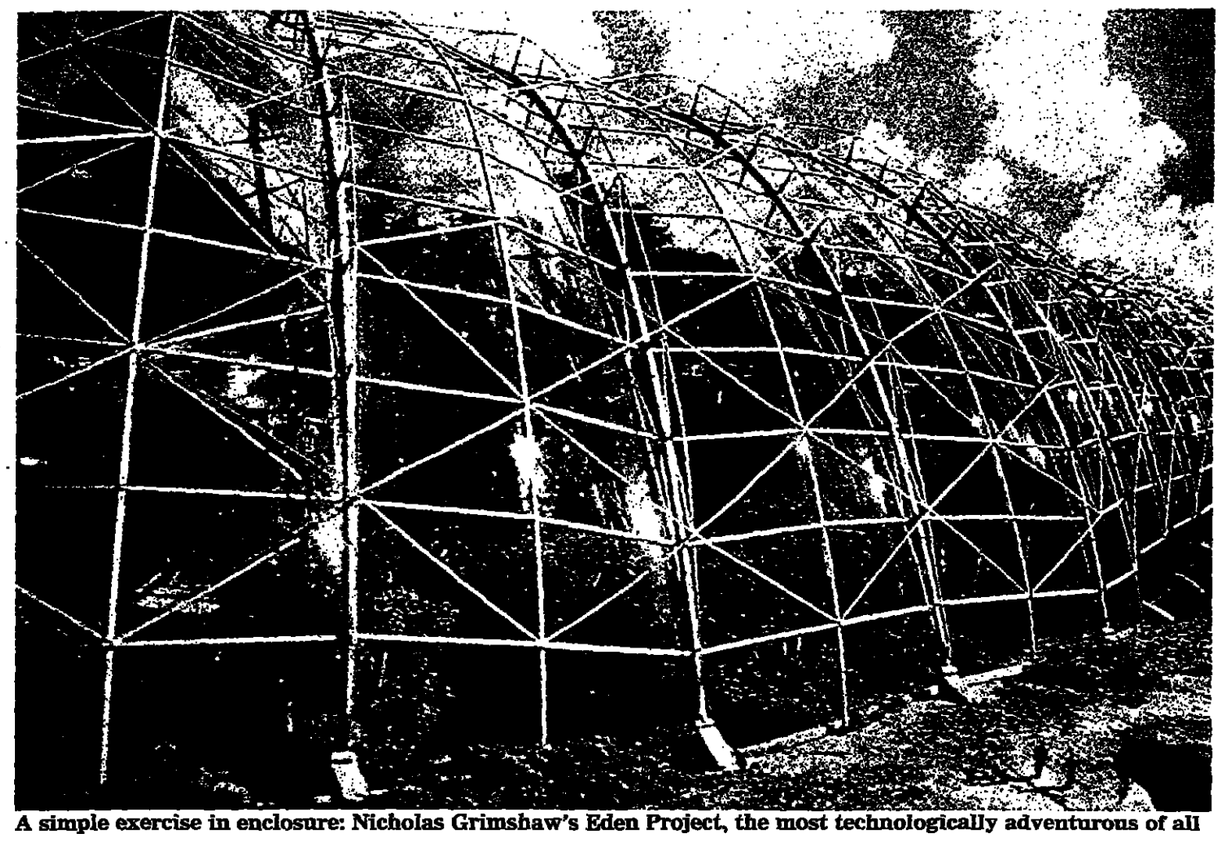
The problem with Foster is again that of the dominance of technology over a proper creativity. The exterior at Nimes is wonderfully convincing, but inside it is all ingenious airport, fine views, somewhere to sit down, a cube here and a cube there in which to do this or that, but airport still.

Nicholas Grimshaw's Eden Project is the most technologically adventurous of all, but the more successful for being set to so direct and simple a purpose. Like that huge Victorian glass canopy across St Pancras, or his own serpentine arches at Waterloo, it is in essence a simple exercise in enclosure. A disused quarry in Cornwall, nearly a mile long, is to be given back to nature in a sequence of discrete enclosures each with a micro-climate of its own, with vegetation to match – temperate, sub-tropical, desert and so forth – through which the visitor will move on elevated walkways.

Elsewhere, the German pavilion takes up the theme of environmental regeneration with its recreational use of old coal mines, factories and quarries, and its acceptance of benign decay. The Spanish pavilion offers an object lesson in proper restoration, that the Venetians themselves might take to heart, in the rebuilding and substantial extension of the magnificent Gran Teatre del Liceu of Barcelona, destroyed by fire in 1994. The US gives us the Walt Disney Company as architects, with its theme-park imperialism and its naive, clod-hopping belief in the American Way. Here is an architecture of the future without irony, finesse or the least self-doubt; the stuff of nightmares.

Hungary's Gábor Bachman, with his magnificently sculptural models of the "Architecture of Nothing", that sit like the insect monsters of science-fiction, is more honestly engaging in his vision of the future. And only Japan, with its pavilion filled with the a rubble-strewn evocation of the Kobe earthquake, would seem to have taken the point. It is indeed an intriguing Biennale.

Sensing the Future – the Architect as Seismograph: Giardini di Castello, Venice, until November 17.



A simple exercise in enclosure: Nicholas Grimshaw's Eden Project, the most technologically adventurous of all

Theatre

A Prince distracted

On the press night, Philip Prowse's production of *Hamlet* went up absolutely on time, unfortunately for the third or so of the audience who had not yet made it to their seats – but who needs the opening dialogue on the battlements, after all? In fact, running briskly throughout and clocking in at under three hours all told, this *Hamlet* boasts fewer delays than my rail journey on my way to see it. It is, however, equally uneventful theatrically.

Prowse has gone for broad clarity of mood rather than the moment-to-moment linguistic variety: we understand in general terms what any given character is feeling, but the terms of rhetorical phrase canter away at such a clip that we may miss many of them. Only Robert Gwilym as Claudius (after the first court scene in which neither the character nor the actor seems especially interested in his lines) consistently guides us through every gradation of his thoughts and feelings.

Cal MacAninch's Hamlet is at once utterly introverted and a stranger to himself: not only does he roam frantically about both the court and the "stage" during the players' presentation, oblivious to the fact that he is causing more consternation than even he intended, but earlier he proves so irritated by the Ghost's subterranean chant of "Swear" that he tries to stamp the spirit voice into silence.

His closet scene with Gertrude is devoid of quasi-incestuous tension until what can only be described as a parting snog; this comes out of the blue as far as our perceptions of both characters are concerned – for Hamlet it seems a sudden spasm of genuine madness, and for the hitherto entirely proper and un-sirenly Gertrude (Ann Mitchell), simply unthinkable.

Tristram Wymark's Laertes is his father's son, a self-important pain; Ophelia (Sophie Ward) seems more mature than her brother, but always somewhat overwrought and ends up spitting every line venomously in her mad scenes. At times Rosencrantz and Guildenstern seem closer to their Stoppardian than their Shakespearian incarnations.

Prowse's design is characteristically brash and by turns impressive, as vast slabs of supposed masonry fly in and out; unfortunate, as the said slabs wobble when actors edge out through the slim gaps between them; and mystifying: why are a crowd of minor courtiers dressed in clown and devil masks in the final duel scene? Why does the clay-faced Gravedigger amble through the opening court episode, whistling a dirge? Presumably Prowse means to relocate *Hamlet* within the genre of Elizabethan/Jacobian revenge tragedies, with their frequent forays into the realms of the grotesque; in fact he succeeds only in causing head-scratching distraction.

There are to be at least two other major *Hamlets* this autumn, at Greenwich and Norwich, with Alex Jennings rounding things off at the RSC next May; this production is likely to find itself eclipsed.

Ian Shuttleworth

At the Citizens Theatre, Glasgow until Oct 19 (0141 429 0022).

Ballet/**Clement Crisp**

Bintley's romp danced to the hilt

Birmingham Royal Ballet's triple bill, which I saw on Thursday night at the Hippodrome, is cunningly and well planned. Its scores each use music re-worked: Constant Lambert's galvanising of Meyerbeer for *Les Patineurs*; Tchaikovsky done over by Stravinsky for *Le Baiser de la fée*, and by Duke Ellington for his jazz version of *Nutcracker*'s second-act sweetmeats. It is also a well-shaped programme, having a bright beginning (*Patineurs*), a serious middle (James Kudelka's new *Baiser*) and an ebullient end (David Bintley's latest creation for his troupe, *The Nutcracker Sweeties*).

Stravinsky's adaptation of Tchaikovsky was an act of homage and of deep affection. (It is an incidental joke of the evening to recall Lambert's detestation of what he called Stravinsky's "time-travelling"; he dismissed *Baiser* as being like a collaboration between Marcus Stone and Francis Picabia). The score, *pace* Lambert whom I revered, is a marvel in its transformations of Tchaikovskian melody and rhythm, and it has a dynamic pulse and an emotional momentum that are subtly paced. It is music haunted by the idea of the Fairy's kiss which will single out a youth from the common run of mankind (be it through the touch of genius or some unhappier strain in the psyche), and by a true Tchaikovskian melancholy. It has, in my experience, had two great realisations: that by Balanchine in New York, infinitely subtle, and Kenneth MacMillan's lyrical, exquisite staging at Covent Garden in 1960, with the unforgettable cast of Beriosova as the Fairy, Lynn Seymour as the Fiancée, Donald MacLeary as the Young Man, and with superlative design by Kenneth Rowell.

This latest version by the Canadian choreographer James Kudelka is, alas, negligible. There are beautiful Alpine sets by Nadine Baylis, and rather less beautiful costumes – the supernatural beings wear, if female, 1930s evening dress; if male, gauzy jodhpurs and fright wigs. For no obvious reason Kudelka has complicated the action, and a programme note hints at a less than savoury attraction between the fairy (now "The Ice Maiden") and a stalwart tot who has carelessly fallen down a crevasse with his mother, who will grow up to be Michael O'Hare and the Ice Maiden's destined mate.

Worse, Kudelka's choreography shows little sympathy with the fascinating pulse of the music, or with its emotionally saturated theme. There are peasant chaps who indulge interminably in Old Bavarian slappings of foot, thigh and anything else within hand's reach – activity hugely lowering to the spirits as to the score's rhythmic identity. Flat academism much occupies the Ice Maiden (Sabrina Lenzi) and her girls, and neither Michael O'Hare nor Leticia Muller make much of their roles as Young Man and his affianced, both looking o'erparted. The pathos of the tale – the Girl's loss of her beloved – goes for nothing, and the apotheosis, where "None but the lonely hart" must stretch into infinity, is frankly dull. The piece is a disappointment, and the more so in that the MacMillan version is long overdue for return to the repertory.

David Bintley's *The Nutcracker Sweeties* is a romp, dashingly designed by Jasper Conran (clothes) and Peter J. Davison (sets), and danced to the hilt by most of its cast. The score by Duke Ellington and Billy Strayhorn is, like Stravinsky's, an act of deconstruction, with Tchaikovsky jazzed almost out of sight (and splendidly, if ear-splittingly, played by the brass of the Birmingham Sinfonia under Paul Murphy). Davison's set – a skyscraper and visiting bits of neon or cut-out jollities – frames Conran's dashing costumes, which are sassy, clever and, especially in the flower-waltz skirts, ravishing in cut.

Bintley's dances are no less clever in responding to the score's blatancies, and are done with tremendous élan by his cast. His Spanish dance is the ultimate and most devastating comment on the tango and on Flamenco posturings, and is shown with total command of its every ludicrous moment by Chenca Williams (who has a flawless sense of timing) and Joseph Cipolla (wearing a toreador's hat and the deadest of pans). That it also contains a nod and a wink towards *Façade*'s tango is a nice added joke: there are several such in the ballet. *Sweeties*, which pulls no boisterous punches, is going to be a crowd-pleaser.

About *Patineurs*, I can report that its charms are still a delight and its structure a marvel. Members of the cast are just starting to find their way onto its slippery surface. They looked a bit nervous – the ice will bear them, never fear – and Dorcas Walters and Sandra Madgwick are already fearless in their myriad spins. Chi Cao is soon going to be a fine Blue Skater: he has technique to spare and an elegant manner. And, as a weather report, I note that snow fell in *Patineurs* and in *Baiser*, but not in this new *Nutcracker*. Global warming, I suppose.

Concert/**David Murray**

'Renewal' looks to the past

Sunday's BBC Symphony concert at the Royal Festival Hall should have been conducted by Andrew Davis, but he was indisposed. At short notice the labour was divided between two conductors: Oliver Knussen for the premiere of Colin Matthews' massive *Renewal*, and Petr Altrichter – conductor-elect of the Royal Liverpool Philharmonic, from next season – for Janáček's everbracing *"Glagolitic" Mass*. They made a very good evening.

The Matthews piece, which takes the better part of an hour, is another BBC commission for the 50th anniversary of the Third Programme. As it happens, Matthews himself turns 50 this year, and *Renewal* finds him in retrospective mood. One of its four movements is his already much-admired *Broken Symmetry*, commissioned by the BBC four years ago; now it has become the "scherzo" of *Renewal*.

The gritty, powerful *Intrada* (without strings) which opens the new work uses related material. That movement is a 70th-birthday present for Hans Werner Henze, and *Threnody*, the second movement – seething quietly with dense string-chords, set off by piano and harp – a memorial for Toru Takemitsu. In the final *Metamorphosis*, Matthews sets a passage from Ovid for chorus, singing with bated breath; toward the end, the orchestra echoes earlier parts of the work, making a gentle recapitulation.

At first hearing, only this movement seemed diffuse, perhaps too understated to compete with the riotous *Broken Symmetry* that precedes it; but future performances may correct that impression. Otherwise, Matthews' expert, original orchestral writing, and the violent contrasts between the movements, made *Renewal* singularly impressive.

In the *"Glagolitic" Mass*, Altrichter did more than conduct a beautifully idiomatic performance. This was a reading of unusual tenderness, particularly in the "Vĕruju" (the Credo); the glorious pomp of the outer movements was not allowed to overshadow the introspective music. The BBC Chorus were in clarion voice, and among the soloists Evá Urbanova and Dénes Gulyás especially shone, as did Wayne Marshall in the bravura organ solos.

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INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Nederlands Philharmonisch Orkest: with conductor Ken-Ichiro Kobayashi, violinist Isabelle van Keulen and organ-player Leo van Doeselaar perform works by Berlioz and Saint-Saëns; 8.15pm; Oct 2, 3, 4

■ ANTWERP

THEATRE
De Singel Tel: 32-3-2483800
● Porcile: by Pasolini (in Dutch). Directed by Johan Simons and Paul Koek, performed by Theatergroep Hollandia; Tue-Sat 8pm; to Oct 12 (Not Sun or Mon)

■ BERLIN

DANCE
Staatsoper Unter den Linden Tel: 49-30-20354438
● Apropos Scheherazade: a choreography by Maurice Béjart to music by Ravel/Stravinksy/Rimsky-Korskavov, performed by the Staatsballett Unter den Linden. Soloists include Steffi Scherzer and Oliver Matz; 8pm; Oct 2, 4 (7.30pm)

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Martha oder der Markt zu Richmond: by Von Flotow. Conducted by Sebastian Lang-Lessing and performed by the Deutsche Oper Berlin. Soloists include Amanda Halgrimson, Camille Capasso and Clemens Bieber; 7.30pm; Oct 2

■ BONN

DANCE
Oper der Stadt Bonn Tel: 49-228-7281
● A Midsummer Night's Dream: a choreography by Youri Vàmos to music by Mendelssohn, performed by the Ballett der Stadt Bonn. Soloists include Vadim Bondar and Alexej Moussatov; 7pm; Oct 3, 5

■ CHICAGO

MUSICAL
The Goodman Theatre Tel: 1-312-443-3800
● Randy Newman's Faust: a new musical comedy with music and lyrics by Randy Newman, book by Randy Newman and David Mamet; Tue-Thu, Sun 7.30pm, Fri, Sat 8pm, Thu, Sat, Sun also 2pm; to Nov 2 (Not Mon)

■ COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Jessye Norman: recital by the soprano, accompanied by pianist Mark Markham. The programme includes works by Brahms, Wolf, Wagner and Carter; 8pm; Oct 2

■ DUBLIN

CONCERT
National Concert Hall – Ceoláras Náisiúnta Tel: 353-1-6711888
● Vogler String Quartet: featuring violinists Tim Vogler and Frank Reinecke, viola-player Stefan Fehlandt and cellist Stephan Forck, perform works by Beethoven, Brahms and Mozart; 8pm; Oct 2

■ DUSSELDORF

OPERA
Opernhaus Düsseldorf Tel: 49-211-89080
● Le Nozze di Figaro: by Mozart. Conducted by Zoltán Peskó and performed by the Deutsche Oper am Rhein; 7.30pm; Oct 2

■ HANOVER

DANCE
Opernhaus Tel: 49-511-1686161
● The Sleeping Beauty: a choreography by Lothar Höfgen and Mehmet Balkan to music by Tchaikovksy, performed by the Hannover Staatsballett; 7.30pm; Oct 2

■ HELSINKI

CONCERT
Finlandia-talo – Finlandia Hall Tel: 358-0-40241
● Lahden Orchestra: with conductor Osmo Vänskä and pianist Andrei Gavrilov perform works by Kokkonen, Beethoven and Nielsen; 7pm; Oct 2

■ LONDON

CONCERT
Barbican Hall Tel: 44-171-6384141
● London Mozart Players: with conductor Matthias Bamert and guitarist Julian Bream perform works by Haydn, Giuliani and Mozart; 8pm; Oct 2
Royal Festival Hall Tel: 44-171-9604242
● BBC Concert Orchestra: with conductor Nicholas Cleobury, cellist Julian Lloyd Webber and organist John Scott perform works by Smetana, Sibelius, Elgar and Saint-Saëns; 7.30pm; Oct 2

OPERA
London Coliseum Tel: 44-171-8360111
● Don Quixote: by Massenet. Conducted by Emmanuel Joel and performed by the English National Opera. Soloists include Richard Van Allan, Sally Burgess and Nicholas Folwell; 7.30pm; Oct 2, 4

Royal Opera House – Covent Garden Tel: 44-171-2129234
● Das Rheingold: by Wagner. Conducted by Bernard Haitink and performed by the Royal Opera. Soloists include Rita Cullis, Rosemary Johnson, Gillian Webster and Leah-Marian Jones; 7.30pm; Oct 2

■ MILAN

OPERA
Teatro alla Scala di Milano Tel: 39-2-72003744
● Outis: by Berio. Conducted by David Robertson and performed by the Opera alla Scala. Soloists include Tatiana Poluektova, Elizabeth Lombardini Smith, Alan Opie and Carlo Morini; 8pm; Oct 2, 4, 5 (3pm) , 7

■ NEW YORK

CONCERT
Merkin Concert Hall – Abraham Goodman House Tel: 1-212-5013330
● Absolute Ensemble: with violinist Gao Xiang perform works by Bloch, Stravinsky and Beethoven; 8pm; Oct 2

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● La Traviata: by Verdi. Conducted by Plácido Domingo, performed by the Metropolitan Opera. Soloists include Loukianetz, Giordani and Alvarez; 8pm; Oct 2, 5

■ TORONTO

OPERA
OKeefe Centre for the Performing Arts Tel: 1-416-393-7474
● Elektra: by R. Strauss. Conducted by John Crosby, performed by the Canadian Opera Company. Soloists include Susan Marie Pierson, Susan Shafer, Makvala Kasrashvili, Claudio Otelli and Quade Winter; 8pm; Oct 2

■ VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Die Entführung aus dem Serail: by Mozart. Conducted by Asher Fisch, performed by the Wiener Staatsoper. Soloists include Michael Schade and Kurt Rydl; 7.30pm; Oct 3

■ WASHINGTON

DANCE
Terrace Theater Tel: 1-202-467 4600
● The Washington Ballet: perform Balanchine's Concerto Barocco, Choo-San Goh's Birds of Paradise and two world premiere pieces of Lynn Cote and Simon Dow; 7.30pm; Oct 2, 3, 4, 5 (also 2pm)

■ ZURICH

OPERA
Opernhaus Zürich Tel: 41-1-268 6666
● Il Matrimonio Segreto: by Cimarosa. Conducted by Adam Fischer and performed by the Oper Zürich. Soloists include Malin Hartelius, Isabel Rey, Stefania Kaluza and Anton Scharinger; 7.30pm; Oct 2

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European Money Wheel

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Financial Times Business Tonight

Martin Wolf

The danger of dithering

The UK's indecision about joining Emu is tantamount to a betrayal of democracy. If the choice is being in or out, on its own, it is better to be in

The UK shows symptoms of a nervous breakdown. It is not merely unable to make the choice that confronts it, it is unable even to admit its existence. As in the 1930s and again in the 1950s, the country would prefer not to think about the alternatives, in the hope they will go away. They will not.

The choice is over whether the UK should join European economic and monetary union when it begins, be it in 1999 or shortly thereafter. Not only will Emu happen, but virtually every member of the European Union will join – if not immediately, then in a few years. The hopes that the move to Emu would be slowed by fear of division or that such division would put the UK at the head of a coalition of "outs" are just sad delusions.

All shall win the euro prize. How can this happen when few member states are likely to pass the tests for membership of the single currency cleanly next year? Precisely because of that, is the answer.

Even that paragon of virtue, Germany, will fail the strict test on indebtedness – that gross government debt should be 60 per cent or less of gross domestic product. It may even run a general government fiscal deficit in excess of 3 per cent of GDP. As for France, it will pass the fiscal test only with the help of much creative accounting.

If member states were going to be strict, then virtually nobody would be in – not Austria, not the Netherlands, not France, not even Germany and certainly not Belgium. Only little Luxembourg would definitely be in. But that is not going to happen, given the determination of Mr Helmut Kohl, the German chancellor, to achieve monetary union.

If all these countries are to be let in, then so, in all probability, are Finland, Ireland, Portugal, Spain and Sweden. Even Italy and Greece are beginning to make serious efforts. Maybe the latter two will not be allowed in by 1999. But by 2001 they could have done enough to scrape a pass. It would be impossible to keep Italy out if it failed only the indebtedness test, unless Belgium were also excluded. And if everyone bar the UK were in, would Denmark stay out?

It has become too difficult to distinguish hard-currency sheep from soft-currency goats. So the choice is between monetary union for all or for nobody. The former is what the member states will choose. Above all, it is what Germany will choose. If so, the UK alone cannot stop it.

Fog in the channel – UK cut off. But the financial markets have been far less cut off than the politicians. Since the currency turbulence of spring 1995, the difference between yields on Italian 10-year bonds and UK 10-year gilts has shrunk from 5.29 percentage points to 0.89 on Friday, on Spanish bonds from 4.07 to a mere 0.25, on Swedish bonds from 3.23 to *minus* 0.29, on French bonds from minus 0.35 percentage points to minus 1.61 and on German bonds from minus 1.11 to minus 1.62. French and German bonds are now equivalents, while the prospects of other high-yielders have been sharply upgraded.

Meanwhile, sterling securities have been downgraded. This has not happened only because the pound is expected to languish outside Emu. It must also be because of the clashes between the chancellor and the governor of the Bank of England over monetary policy, the Tory clamour for tax cuts, the slow pace of fiscal consolidation and the rapid monetary growth. All these help persuade punters that the UK is back to its bad old ways. Who could say they are wrong?

Monetary union will happen. It will shortly include most member states. Yet it remains a gigantic gamble.

Most important, as Professor Rudi Dornbusch of the Massachusetts Institute of Technology argues in Foreign Affairs (September/October 1996): "If exchange rates are abandoned as an economic tool, something else must take their place. Maastricht promoters have carefully avoided spelling out just what that might be. Competitive labour markets is the answer, but that is a dirty word in social-welfare Europe."

An optimist would argue that once they have eliminated the exchange rate, lowered inflation and started to tackle their fiscal problems, member states will have to address their distorted labour markets. This pig might fly; then again it might not, in which case there would be trouble.

Conflicts will loom whenever some members suffer from greater structural or cyclical difficulties than others. Countries will fight over freedom to use fiscal policy in response to cyclical disturbances – the proposed "stability pact" will ensure that. Populist politicians will translate domestic difficulties into fierce campaigns against the European Central Bank.

Emu is indeed a gamble, but one that will be taken. The question is how the UK should respond. The immediate choice is simple: either the country tries to enter among the first participants or it decides not to do so. It is also urgent. If Britain is to join in 1999 it should rejoin the exchange rate mechanism in early 1997 and it must have legislated for an independent central bank by July 1998.

These steps need to be taken if the option is to be kept open. Otherwise the UK will have decided against early entry. Of the two requirements, the more important (and more desirable) is establishment of an independent central bank – requiring legislation shortly after the next election.

Opponents of Emu argue it must be resisted because it is part of a drift towards a European superstate under technocratic control. The charge has force. But how can one make it credibly when the policy of both big parties, in the general election that precedes this great decision, is not to have one: to be resolute only in being irresolute?

This is not democracy. It is a betrayal of democracy. A choice needs to be made. To wait and see is not a choice. It is a refusal to choose when the nature of the decision is quite clear. This is, in truth, pathetic.

Nothing likely to happen between today and 1998 or between today and the early years of the next millennium will change the calculation significantly. The fundamental choice is between going in and staying out. However much it dislikes the alternatives it confronts, the UK must decide. It must not cower in the hope that the choice will go away.

Sir Winston Churchill has been much evoked in recent weeks. It is impossible to guess how he would have responded to the present choice. All we know is that he recognised the great issue of his own time: whether or not to confront Hitler's Germany.

The choice looming for the UK is between being inside Emu and being outside, probably on its own. It will become a choice between having a voice within the governing arrangements of Europe and not having one. In time it will be between being inside the EU and being outside it.

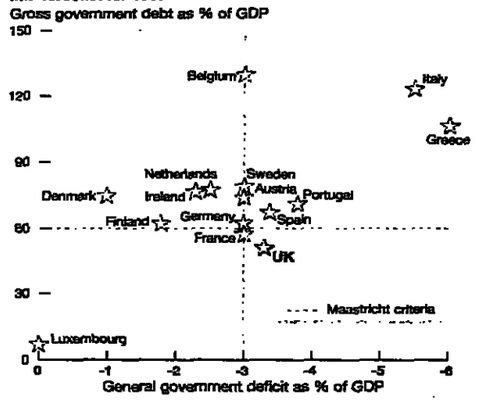
If these are indeed the choices, the better one is to be in. One may dislike that alternative, but still feel obliged to take it. Why it is right and what would follow from it I intend to examine further next week.

This column is dedicated to the memory of Nicholas Colchester, former foreign editor of the FT and deputy editor of The Economist, who died suddenly last week at the age of 49. Delightful companion, brilliant writer and committed supporter of the European Union, Nico would, I hope, have been surprised and delighted by this piece.

How member states match up to Maastricht

IMF forecast for 1997

Gross government debt as % of GDP



Personal View · Jacques de Larosière

In partnership with the private sector

The multilateral development banks still have an important global role to play

Private capital flows into developing countries have soared in recent years, while multilateral flows have remained steady. Of the $347bn of net capital which flowed into developing countries last year, only 11 per cent came from multilateral development banks.

There is every indication that this is not a short-term phenomenon. The quality of private flows has improved: investors assess a project and a country's fundamentals; they do not provide funds indiscriminately.

These changes pose important questions for the role of multilateral development banks such as the World Bank and the regional development banks. In particular, do they still have a role to play when the flow of private finance is so strong?

The main task for the development banks is to expand these flows which are focused on a few countries in south-east Asia and Latin America. Many developing countries have so far failed to attract private capital and need help to do so.

This does not mean the development banks have to change their goals which include alleviating poverty, promoting economic growth, helping former communist countries make the transition to market economies and protecting the environment. But they must adapt, continuing their shift from public-sector projects towards private-sector development.

There are two ways they can do this. First, they can help governments create the conditions for market-oriented growth. Second, they can work with the private sector – as the European Bank for Reconstruction and Development has done in central and eastern Europe and the former Soviet Union.

Many ask whether the development banks should not leave private financing to the private sector. I believe their presence can unlock financing which would otherwise be unavailable.

They have specific strengths which allow them to take risks that so often stall the provision of longer-term financing. These are:

- Structure – their preferred creditor status, conservative gearing and strong support from shareholders in the industrialised and recipient countries help them absorb many of the risks.
- Relationships – their long-term relationships with governments in developing countries enable them to reduce political risk and provide "comfort" for private partners.
- Experience – this allows them to accept greater commercial risk in difficult environments than private lenders, particularly at the early stages of reform.
- Project development support – they can reduce the risks in projects by drawing on their experience and access to technical assistance. Without such support, many projects would never get off the ground.

There are various areas where the development banks and the private sector can work together. They can provide equity or loan finance to private companies. They can also collaborate with commercial banks to raise funds to implement projects. And they can help to promote the availability of venture capital.

There is enormous potential for infrastructure project finance from private sources if the conditions are right. The development banks are well placed to encourage private-sector involvement: they can develop structures which will encourage such partnerships; their involvement can instil confidence between governments and investors; and they can share the risk with the private partner.

To work effectively with the private sector, the development banks require clear operational principles on project selection. Adherence to sound banking principles will ensure their projects are financially viable, allowing them to establish important standards.

Ensuring the financial viability of projects has not always been the norm in the development banks. In future, it must be.

It is important they do not substitute for or displace the private sector. They should be "additional" and stimulate the private sector into operating in areas where it would not act on its own.

As market forces become more established in developing countries and private sources of finance become more widely available, the role of the multilateral development banks will evolve. This constant change should be the key to their participation in the investment process. They must, in a sense, lead the way for private-investment flows and not prolong their involvement once sufficient private capital is available.

To achieve their goals, however, the banks must build on their strengths and be seen as credible institutions. With foreign aid budgets under increasing pressure, these scarce resources must be used where they can make the biggest difference. This requires the banks to show strong cost-consciousness and demonstrate value for taxpayers' money.

The author is president of the European Bank for Reconstruction and Development. This is an extract from his Per Jacobsson lecture, delivered on Sunday in Washington DC at the annual meeting of the International Monetary Fund

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LETTERS TO THE EDITOR

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Archives give suspect support

From Dr Neville Wylie.

Sir, Winterthur Insurance, in its advertisement of September 27 ("Of all the neutrals . . . "), has not called up a particularly reliable witness in defence of Switzerland's wartime record. Churchill penned his flattering remarks about Switzerland after listening to a savage attack on the Swiss by Joseph Stalin, in which Stalin referred to the Swiss as "swine". Churchill was not, however, a knowledgeable observer of Swiss affairs. In the 4½ years since becoming prime minister, Churchill was kept informed of neither events in Switzerland nor the details of Anglo-Swiss relations. Swiss issues were raised in the war cabinet a mere 18 times during the war (14 times in 1940), and Churchill involved himself in British policy towards Switzerland on only three occasions, twice in 1940 and once in the summer of 1943.

Churchill undoubtedly had a high opinion of the Swiss, and his gut reaction to Stalin's outburst bears this out. But his impressions on Switzerland were selective, and his attitude towards those aspects of Switzerland's wartime collaboration which were known at the time, ambiguous. On May 12 1946 Churchill accepted an invitation from a group of Swiss businessmen to visit Switzerland later that summer. His acceptance came two weeks *before* the Allied governments finally accepted Berne's desultory "gift" of SFr250m and gave up their efforts to recover Nazi-looted assets which had found their way into Swiss hands. Churchill was aware that many of the companies whose hospitality he was accepting had been the subject of Allied pressure during the war, on account of their collaboration with the Third Reich, including insurance companies, machine manufacturers and chemical firms.

Churchill's ability to speak knowledgeably and honestly about Switzerland's wartime activities is suspect. If Switzerland's financial world wishes to improve its image, it should look to its own archives and not to Churchill's.

Neville Wylie,
New Hall,
Huntingdon Road,
Cambridge CB3 0DF, UK

London a priority for transport spending

From Mr Chris Baumann and others.

Sir, We believe London Transport's budget to be under severe threat in this year's public expenditure round. On behalf of London's business community we wish to make it clear to the chancellor that any cut would be a false economy with grave implications for the capital's competitiveness.

Expenditure cuts will cause misery for commuters by postponing urgent work to improve the Underground's efficiency and reliability. As London Pride has outlined in its action programme for transport, London will cease to attract international business if it is seen to have a deteriorating transport system. On the contrary, there is a strong case for increasing investment by £150m per annum to rectify the backlog. Failing this, London will not have the modern infrastructure necessary to create the wealth to drive the economic recovery.

Business is doing its utmost to continue to make London a world class city. It is looking to government to play its full part as well.

Chris Baumann,
deputy chief executive,
Bally UK,
Des Gunewardena,
chief executive,
Conran Holdings,
Harry Handelsman,
chairman,
Manhattan Loft Corporation,
Stuart Lipton,
chief executive,
Stanhope,
Julian Metcalfe,
chairman,
Pret a Manger,
Richard Rogers,
chairman,
Richard Rogers Partnership,
as from: London First,
Caxton House,
6 Tothill Street,
London SW1H 9NA, UK

Name not appropriate

From Mr Chris Boston.

Sir, The Kleinwort European Privatisation Investment Trust was called KEPIT.

The unit trust will be called KBEPT – Kleinwort Benson European Privatisation Trust.

What was wrong with KEPUT – Kleinwort Benson Privatisation Unit Trust? Too much like the German expression for bust?

Chris Boston,
9 Clark Road,
Edinburgh EH5 3BD,
UK

No jeopardy to Lloyd's

From Mr N.F. Parker.

Sir, Further to Jim Kelly's article "Names seek $7m to fight Lloyd's" (September 27), not all so-called "refuseniks" have a grievance against the society itself.

I, for one, wholeheartedly support reconstruction and renewal even though I continue to reject the settlement offer. On the basis of pure underwriting losses, my finality statement seems perfectly equitable but the agency I sacked in 1993 cannot justify apparently exorbitant commissions well in excess of those agreed. Accordingly, I must preserve my right to litigate for negligence and/or fraud.

While it might be argued that Lloyd's has been lax in regulating the behaviour of certain agents, all Names who have declined the settlement offer are free to pursue their agents for damages without jeopardising the future of the market by causing further problems for the already beleaguered society.

N.F. Parker,
PO Box 2708,
Jeddah,
Saudi Arabia

Shots fired from Turkish-occupied areas

From Ms Angela Ioannou.

Sir, With reference to Mr Hakki Müftüzade's letter (September 26), this correctly states that two Greek Cypriots died in violent clashes in August. The two Greek Cypriots killed were civilians. However, Mr Müftüzade's statement that a Turkish Cypriot was also killed in cold blood on September 8 by the Greek Cypriots is totally incorrect. In fact, the man killed was a Turkish Kurd serving in the Turkish army who was the cousin of a high-ranking Kurdish leader (this was confirmed by relatives of the dead soldier living in the UK). Another soldier was wounded in the same incident.

The shooting of these two soldiers has been investigated by the United Nations authorities, British sovereign base personnel and also Greek Cypriot police. All found that the shots were in fact fired from the Turkish occupied areas of Cyprus and not from the Greek Cypriot side.

Angela Ioannou,
4 Mirmidonon Street,
PO Box 8541,
Y-3735 Limassol,
Cyprus

هكذا من الأصل

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Tuesday October 1 1996

Netanyahu's obligations

Mr Hosni Mubarak, the Egyptian president, showed courage in giving Mr Benjamin Netanyahu the benefit of the doubt when he came to power in Israel four months ago. Mr Mubarak is therefore understandably upset that his offer to host an Israeli-Palestinian summit has been hijacked by the US. And Mr Yassir Arafat himself can be forgiven for having mixed feelings about making yet another trip to Washington in present circumstances.

There is profound disillusionment throughout the Arab world about the one-sidedness of the US approach. Arabs believe, reasonably enough, that the Palestinians, having made far-reaching concessions in the two Oslo agreements, are entitled to expect Israel to honour its side of the bargain. They are therefore angered by the US's refusal to condemn Mr Netanyahu for dragging his feet on almost every point in the Oslo programme, and now needlessly provoking an explosion of Palestinian rage by his insensitive actions in Jerusalem.

What matters, however, is less the public statements of the US administration, or even its vote in the UN Security Council, than the attitude it takes in dealing with Israel directly. From that point of view a summit in Washington may actually be more useful to the cause of peace than one in Cairo, provided that Mr Bill Clinton, the US president, takes advantage of Mr Netanyahu's presence to insist that Israel fulfil the obligations contracted by its previous government.

The actions he should demand, as the minimum needed to restore Arab confidence in Israeli commitments, are: withdrawal of Israeli troops from Hebron, an end to the blockade which is strangling the Palestinian economy, and release of the remaining prisoners as promised in the original Oslo accord.

Conventional wisdom holds that nothing like that can be expected within a month of a US presidential election. But Mr Clinton is surely far enough ahead in the polls to be able to rise above such considerations.

Only a minority even among Jewish voters is likely to be swayed decisively by foreign policy issues. Even within that minority a significant body of opinion is exasperated by Mr Netanyahu's performance and might well support a firm line against him if the issue were clearly defined.

Mr Clinton might perhaps recall that the firmest the US has ever been with Israel was during the 1956 Suez crisis, when President Eisenhower insisted on total withdrawal from Sinai and the Gaza Strip. He was triumphantly re-elected the same week.

Euro-reform

A thorough overhaul of the European Commission's unwieldy bureaucracy is an aim to which EU critics and enthusiasts alike should be able to subscribe. Yet it has been a low priority for the body's presidents. Most have flinched from the challenge or, like Mr Jacques Delors, have simply short-circuited established channels. It is to the credit of Mr Jacques Santer, the current incumbent, that he appears determined to tackle the problem in earnest.

As Mr Santer has recognised, the key lies in reforming personnel policy, which is both excessively rigid and unhealthily prone to gerrymandering. EU governments have long insisted on fixed appointment quotas, while treating many posts as national preserves. Commissioners, meanwhile, have habitually used personal influence to procure plum jobs for favoured advisers, sometimes irrespective of ability.

Such widespread patronage demotivates able Eurocrats by limiting opportunities for promotion on merit, while rewarding mediocrity. That not only compromises the quality of decisions. It risks turning into a nationalistic battleground an institution which is supposed to work for EU interests as a whole.

Reform should not aim to isolate the Commission from political realities. Nor should it limit recruitment to lifetime career Eurocrats. Rather, it should ensure that jobs are genuinely filled on merit, by subjecting candidates to more rigorous, open and impartial selection. Ideally, the Commission should set up a board to vet all senior appointments. It should include independent outsiders and be required, when called upon, to defend its decisions in public.

Effective reform also needs to cover the appointment of commissioners. Too often, governments have used Brussels as a dumping ground for political has-beens or party hacks. There are also too many commissioners for the real jobs available – a recipe for turf battles and empire-building. There should be fewer commissioners, chosen differently. France has suggested that EU government heads should name Commission presidents and allow them to pick colleagues from lists put forward by national capitals. The proposal deserves serious consideration by the EU intergovernmental conference.

All proposals for change will face resistance from political vested interests. Opponents need to realise that the existing system is a zero-sum game. Perpetuating it will prevent the Commission from discharging its responsibilities effectively, while handing ammunition to critics who accuse Brussels of bureaucratic abuses.

Chancellor who?

If Mr Gordon Brown would start smoking cigars and Mr Kenneth Clarke could pretend not to have a sense of humour, it would be difficult to tell the UK Chancellor from the one who is trying to get his job.

In the last few days they have been singing in strange harmony – at least in the base line – to the confusion of their followers.

In managing the economy we are told there can be: "No quick fixes, no easy options, no magic wand solutions by cooking the books..." To reach this position "We've had to make tough choices and will continue to have to do so...". Britain needs "Costed, hard-headed and radical policies for stability, employment..." and "The public are too intelligent to be taken in by tax cuts that aren't justifiable".

The last quotation is from Mr Clarke, the real Chancellor, speaking from Washington yesterday. The first three are from Mr Brown at Labour's conference in Blackpool hours later.

It is to the credit of both men that they appear to be resisting the shrill cries of party activists who believe that a Chancellor's job is to run up debts and give the money to sympathetic voters. Both know that Britain's general government financial deficit – expected to be about £30bn a year – is far too high to allow any give-aways, either to the needy poor or to the suffering middle classes.

Mr Clarke explains the unpalatable arithmetic with a breezy chuckle, dismissing pleas for tax cuts to be made as an advance on distant spending reductions with the contempt which they deserve.

Mr Brown has a harder job. Since Labour must be seen to help lower income groups, he proposes a bottom tax rate of 10 or 15 per cent. This is a gimmick. The best way to help the poor is to take as many as possible out of the tax net altogether. So any money available to lower the starting rate would be better spent in raising the threshold at which tax starts to be paid, while adjusting state benefits to maximise the incentives to take paid work.

Mr Brown's big problem is that to do anything worthwhile he needs cash. It would be dishonest to pretend that he can help the poor without raising money from another part of the tax system, most probably from the rich. Maybe when he has done his sums, he will sketch the outlines. The details announced so far are not encouraging. The proposed windfall tax on utilities savours more of spite and desperation than a considered attempt to control these important monopolies.

However, Mr Brown also said he wants a radical reform of the relationship between the tax and benefits systems. This would be a worthwhile and a formidable task. His 10p rate is froth by comparison.

Big can still be beautiful

Although the Hanson era is at an end, a new breed of conglomerates has prospered by adding value, says **Tony Jackson**

Today brings the formal dissolution of Hanson, one of the most prominent conglomerates of recent times. The spin-off of the various parts of its empire, such as Imperial Tobacco, will doubtless fuel a familiar debate.

In today's competitive climate, we are told, companies need to be focused. Conglomerates have had their day.

But there is a growing consensus among academics, analysts and managers that this argument is becoming sterile. Focus and diversity can both work, provided the circumstances are right. If the break-up of Hanson proves a point, it is about companies of Hanson's peculiar type, not diversified corporations as a class.

The case for diversity can be made in two ways. First, experience shows that old-established corporations such as General Electric or 3M of the US can invest across a huge range of businesses and add value for their owners.

Second, there are several big conglomerates today which make a great deal of money from acquisitions, as Hanson did in its heyday. But instead of being conventional corporations, they are privately-run investment specialists such as Kohlberg Kravis Roberts (KKR).

There is no doubt that Hanson, in its latter years, lost its way. It was not alone. According to a recent study from NatWest Securities, the stockbrokers, almost all the UK conglomerates, including BTR, have been systematically destroying value since around 1990.

The study analyses the companies by the increasingly popular US-derived measure of Economic Value Added (EVA). In essence, this looks at the spread between the return on capital invested in the business – including equity – and its cost.

According to NatWest Securities, the sector has produced an average 8 per cent net return on capital in the past six years, compared with an 11 per cent cost of capital. Thus, it has been frittering away its capital base at around 3 per cent a year.

Hanson, because of the break-up, is not included in the calculation. But according to the study's authors, its record is much the same.

In part, the EVA approach exposes the illusory nature of acquisition accounting. For many years, acquisitive conglomerates used provisions and other tricks of the accounting trade to boost earnings.

"If shareholders are to learn anything from Hanson," the NatWest study remarks, "it is that creation of value and earnings enhancement are not the same thing."

Thus, while the UK conglomerates reported rising earnings, value was being destroyed.

There were two main reasons for this. First, the companies typically paid too much for acquisitions in the late 1980s. Second, they relied too heavily on equity to pay for them.

One of the most decisive factors in the rise of companies such as Hanson and BTR was the wealth of cheap acquisition opportunities in the mid-1980s. Hanson, for instance, was able to buy large chunks of the US conglomerate SCM and the tobacco-based Imperial Group for little or nothing in 1985-86, since the purchase price was recouped within months by selling off other parts of the business.

In the usual market fashion, this opportunity cancelled itself out. Other providers of capital spotted the gap, and acquisition prices rose. But the conglomerates carried on buying. BTR bought the engineering group Hawker Siddeley; Hanson bought Consolidated Goldfields and Beazer, the housebuilder. They destroyed value accordingly.

To be fair, they were not unique. Another company which made its fortune through windfall acquisition in the mid-1980s was Guinness, with the purchase of Distillers, the Scotch whisky group. It then went on to more expensive purchases later in the decade, such as the Spanish brewer Cruzcampo; and as its chairman finally confessed last week, it damaged shareholder value in the process.

But the conglomerates were unusual in relying so heavily on equity as an apparently cheap and risk-free means of payment. Mr Andrew Arends, an acquisition manager with Hanson in the 1980s, says this was particularly true of the late Lord (Gordon) White, Hanson's co-founder.

"It was a psychological thing Gordon got stuck into," Mr Arends says. "He was influenced by the US conglomerates in the 1960s. He always had in mind the concept of cheap paper."

The contrast with today's successful acquisition specialists could not be more acute. Mr Arends points to the example of Mr Warren Buffett, the US portfolio investor whose company, Berkshire Hathaway, is a conglomerate in all but name. Throughout his career, Mr Buffett has regarded Berkshire Hathaway's equity as a precious commodity, not to be given away under any circumstances.

Or take the leveraged buyout specialists such as KKR or Clayton, Dubilier & Rice. Their approach is to make acquisitions for debt, thus using debt payments as a stick to force managers into maximising cash flow. At the same time, equity is reserved for the fund's investors, and as a carrot to reward managers.

Even for the Americans, though, the self-correcting process of the market makes opportunities continuously harder to find. In the old days, favourite acquisition targets were in basic, low-technology industries, with correspondingly low risk and predictable cash flows.

Now, as Mr Arends observes, several successful US conglomerates have turned to the more complex and demanding world of financial services. General Electric makes a quarter of its profits from GE Capital, its huge financial services subsidiary. Berkshire Hathaway, which started life as a textile company, writes more reinsurance business than Lloyd's of London.

Again, the contrast with the UK conglomerates is acute. BTR briefly owned an insurance company, Cornhill, through its 1983 acquisition of the conglomerate Thomas Tilling, but promptly sold it. Lord White, says Mr Arends, rejected the whole field of financial services as too complex for Hanson to manage.

The pressure for complexity may have further to go. Professor Don Sull of the London Business School – a former employee of Clayton, Dubilier – points out the US buyout firms are being increasingly forced into investing in the high-tech fields of biotechnology and computing.

The point about the old-style conglomerates, Professor Sull says, is that in their heyday there was a shortage of bidders for corporate assets. "There were information asymmetries, and there was differential access to capital. Now there is more information and more access to capital. The one rationale for conglomerates we've ever seen looks as if it's on the wane, not just for Hanson but across the board."

This is the heart of the argument against conglomerates such as Hanson and BTR: if they cannot find a continuous supply of cheap companies to buy, they cannot hope to add value to their existing subsidiaries either.

The case is usefully summarised in a recent book, *Managing the Multibusiness Company* (edited by Michael Goold and Kathleen Sommers Luchs, published by Routledge). First, it is argued, parent managers spend far less time on a subsidiary's affairs than its own managers do, so their decisions are less valuable.

Second, subsidiary managers are liable to concentrate not on maximising the value of their own business, but on rising through the hierarchy, which need not be the same thing.

Third, the parent provides central services which the subsidiary may be able to obtain cheaper and better from outside specialists. Add those up, and you have a machine for destroying value.

Once again, though, this applies only to companies of the Hanson type. A diversified corporation such as General Electric can add value by swapping ideas, technologies and management expertise around the group. Investment funds such as KKR can add value by supplying the initial capital, picking the right managers and then leaving them to get on with it.

There is one final flaw in companies like Hanson, and it can prove fatal. If cheap acquisitions can indeed be found, the way to secure value for shareholders is by re-packaging the bits and selling them on again. But it is in the nature of managers to prefer buying things to selling them: that is, to build empires.

In a remarkably prescient article from 1987 (reprinted by Goold and Luchs), Professor Michael Porter of Harvard University reflected on the dismal tendency of old-style US conglomerates to destroy value over the previous 35 years. He pointed to Hanson, then at its peak with the triumphant acquisition of Imperial Group, as one of a successful new breed of restructurers.

However, he added a warning. "It's too early to tell," he wrote, "whether Hanson will adhere to the last tenet of restructuring – selling turned-around units once the results are clear. If it succumbs to the allure of bigness, Hanson may take the course of the failed US conglomerates."

Hanson, of course, did not follow that advice. Eventually, it became too big to survive; and today's break-up is the result.

Hanson: the spending spree takes its toll

Share price relative to the FTSE All-Share Index

· OBSERVER ·

Crooner slips disc

■ Old crooner Tony Bennett may have sealed a few romances in his time, but it's going to take more than the odd ditty about cable cars climbing half-way to the stars to soothe relationships between Scots whisky liqueur maker Drambuie and Allied Domecq, its US distributor.

The two companies are already at each other's throats in an Edinburgh court, where Drambuie is suing Hiram Walker, Allied's US arm, for allegedly undermining the liqueur's market share with some woefully inadequate marketing.

Drambuie thought insult was being added to injury when Allied suggested the very American singer should make a world concert tour to promote a very Scottish liqueur. Allied claims Drambuie is simply out of touch in not recognising the global appeal of a singer enjoying a revival, especially among the young. But it's dropped the plan in favour of a wholly unoriginal programme of golf sponsorship.

Back in court, the liqueur maker has demanded so many documents from Allied, they have been recorded on disc – a first for Scottish courts. If they prove more interesting than the recordings of Tony Bennett, Drambuie might yet prove its point.

Bhutto likes a din

■ It's quite bizarre watching the stately canonisation of Baroness Thatcher, whose life and times provide consolation for all kinds of politicians going through rough times at home.

Latest to join the band of admirers is no less a figure than Benazir Bhutto, who stopped off in London yesterday to deliver a lecture to the Institute of International Strategic Studies. She drew on the former UK prime minister's words to explain why Pakistan's turbulent and violent politics were not all bad. She agreed with Thatcher, she said, that democracy did not involve consensus but rather a clash of ideas.

Free debate was the strength of democracy, she added – perhaps an understatement where Pakistan is concerned. Bhutto is at loggerheads with President Farooq Leghari over the appointment of judges. And 10 days ago she experienced family tragedy, when her brother and political rival Murtazo was assassinated in Karachi.

Chanting demonstrators even pursued her to London; their taunts could be heard throughout her talk. But Bhutto was in fighting form, and gave them short shrift: "Silence is testimony to dictatorship . . . Noise is the din of democracy."

Chew on it

■ Forget the threat of strikes over sick pay cuts or the looming crisis over pensions. The most alarming confirmation that Germany's finances really are under pressure emerges from the Bonn foreign ministry – there is no more money for coffee and cakes.

This year's budget has been used up. So large has been the stream of visitors from Germany and abroad that diplomats will now have to dig into their own pockets to entertain anyone expecting *kaffee und kuchen*.

The crisis is severe enough to have been leaked to *Der Spiegel* magazine. It says demoralised officials are nobly seeking solace in the thought that the huge rise in the number of caffeine and cake addicts popping in for a chat admirably demonstrates Germany's increasing world influence. Or it could just be they have tasty cakes.

In-flight mummy

■ An Egyptian mummy-shaped pencil tin – no home's complete without one. Roll up to Heathrow's Terminal 4 from next Monday and you'll be able to get yours, courtesy of the British Museum, which is opening its first shop outside its own walls.

It's a canny move, given that 6.25m passengers annually pass through the London terminal. On sale will be replicas of many priceless objects, some of them tastefully customised into tea-towels, drinks coasters, ear-rings and other knick-knacks.

Some items are a little out of the place-mat price league – a gold replica of an ancient Egyptian oyster shell pendant will set you back £620.

But one marketing ploy has unaccountably been overlooked: Greeks hoping to return home bearing replicas of the Elgin Marbles will be disappointed.

Nesting dorma

■ The production was Puccini's *Il trittico* but the Flemish Opera could have crossed composers' lines of demarcation on Sunday to call on the bird-catching services of Papageno from *Die Zauberflote*. One lost bird – a real one – flew around and over the stalls and then several circuits of the ornate interior of the Antwerp opera house. In the end, perhaps even it found the performance hard to swallow.

The Financial Times

100 years ago

Cycle Invention

Buenos Ayres: The latest triumph of inventive skill is a "steeplechasing" bicycle which works on the same principle as a watch, the action of turning the pedals winding up a strong spring until sufficient power is accumulated. A short sprint of twenty yards is necessary; the touching of a knob releases two steel bars shaped like the runners of a sleigh, and projecting on either side of the front wheel. These fall with immense force, striking the earth just below the pedals. The machine rises at once to a height of nearly five feet, and, clearing the fence, falls upon the steel runners nearly twenty-five feet from its rise. We should like to see this interesting machine before pinning much faith in its existence; and, in any event, we should regret to see it introduced in City streets.

50 years ago

Chess Defeat for S.E.

The first chess match to be played between the London Stock Exchange and the Amsterdam Bourse since the war resulted in a victory for the Dutch team by 14½ to 5½ points. The English team – which went to Holland by air – was short of practice, while the Dutch team was stronger than any met in pre-war years.

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FINANCIAL TIMES
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ÖAG GRUPPE
Österreichs Markt führer im Sanitär- und Heizungsgroßhandel.
WOLSELEY plc

Row over workers' benefit cuts escalates

German union warns of lengthy strike action

By Wolfgang Münchau in Frankfurt

Germany's industrial dispute worsened yesterday as engineering employers told unions that they want to renegotiate most fringe benefits in employment contracts.

IG Metall, the engineering union, retaliated by threatening strike action on a scale similar to the 114-day stoppage in 1956-57.

The employers' decision underlines their determination to challenge several sacred cows in German industrial relations, including entitlements to generous sick pay and holiday bonuses.

It comes after several companies decided to implement cuts in sick pay as from today, as a change in German law takes place cutting statutory minimum sick pay entitlements from 100 per cent of wages to 80 per cent.

The employers' tough stance has triggered an intense public debate about the whole future of Germany's welfare state and its industrial relations system, in the face of difficulties companies are having in remaining internationally competitive.

The employers' move paves the way for a highly complex wage round in the engineering and electrical sectors, due to start in December. This year's talks will involve wages, entitlements and working conditions, as well as employers' demands for opt-out clauses, and employee demands for job guarantees.

The decision to renegotiate the contracts was taken by several regional affiliates of Gesamtmetall, the engineering employers' federation, in a bid to press home its demands for a de-facto zero wage round.

Falling international competitiveness and high unemployment needed a "cut in the extremely high supplementary wage costs," the federation said yesterday. These include bonuses which employees receive on holiday on top of normal wages. An official in another federation said: "We are looking for a zero increase in wage costs. This means benefits must go down to the same extent wages are going up."

With inflation at less than 2 per cent, the employers' stance leaves little leeway for negotiation.

Mr Klaus Zwickel, president of IG Metall, said the employers had "stepped on a landmine" with the sick pay issue. He has called for a nationwide protest on October 24, the 40th anniversary of the start of the 1956-57 strike.

Daimler-Benz, the German automotive and defence group, was the first company to announce cuts in sick pay last week. Workers at several Mercedes-Benz factories stopped work during Saturday, and yesterday a further 2,000 Mercedes workers in several parts of the country held strikes. Adam Opel, the German subsidiary of General Motors, has also decided to adopt the sick pay cuts from November.

N Ireland peace talks appear close to collapse

By John Murray Brown in Dublin

The peace talks on the future of Northern Ireland appeared on the brink of collapse last night amid fresh fears that Protestant paramilitaries might break their ceasefire.

Loyalist prisoners in Ulster's top security Maze prison announced yesterday that they were withdrawing support for the talks, complaining about a lack of progress. They said their ceasefire was under strain because of the IRA's resumption of bomb attacks on the British mainland.

Meanwhile, the Ulster Unionist party hardened its own terms for continued participation in the talks. It warned that, even with an IRA ceasefire, it would not enter substantive talks with the IRA's political wing Sinn Féin, until some IRA arms had been taken out of commission.

Mr John White, a leader of the Ulster Democratic party, which is linked to the outlawed Ulster Defence Association, met the Maze prisoners yesterday and described the prisoners' statement as "the most critical point we have come to".

The Reverend Roy Magee, a Presbyterian minister who was instrumental in securing the first loyalist ceasefire, warned over the weekend that the government would have to address the prisoners' issue with urgency.

The surprise announcement by the prisoners followed a day of little progress in the talks, where discussions were overshadowed by the UUP's decommissioning demands.

Nationalists accused the UUP of trying to re-write the legislation outlining the conduct of the talks, and ignoring the principles set out by the former US senator Mr George Mitchell, which both governments have accepted as the basis for addressing the arms issue.

Last week, in an attempt to answer UUP concerns, the UK government sent Mr David Trimble, the UUP leader, a draft of proposed legislation to deal with the technical and legal aspects of decommissioning. This is scheduled to be presented to British MPs later this year. However, after reading the draft, Mr Trimble said yesterday that a resumption of the IRA's 1994 ceasefire would not be enough.

The resurfacing of disagreements over decommissioning contrasts with recent official comments suggesting the talks were making progress. Mr John Major, the UK prime minister, and Mr John Bruton, his Irish counterpart, have expressed optimism in recent days.

THE LEX COLUMN

Totting up Thomson

In the debate over the future of Thomson, the French state-owned electronics group, many have assumed that its consumer electronics arm is a basket case. Certainly, Thomson Multimedia's finances are not pretty: not only is it weighed down by FFr14bn ($2.76bn) in debt but it made operating losses of FFr1bn in the first half of the year.

That said, Alcatel's plans for restructuring TMM – if it wins the contest to acquire Thomson – suggests that prospects are not all that bleak. US manufacturing costs could be cut quickly by shifting production to Mexico. There would be further savings from rationalising TMM's six European brand names. While market share would undoubtedly suffer in the short term, marketing and support costs could be cut significantly.

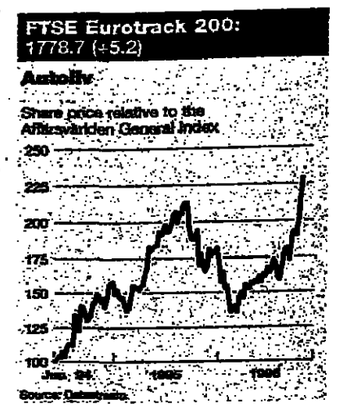
Moreover, TMM may not be just a cost-cutting story. One hidden jewel comes from the fact that patent rights ceded to General Electric of the US several years ago will revert to TMM from the start of 1999. These are expected to generate FFr1.2bn in revenue this year alone. Another potential jewel is Thomson's strong position in digital technology. Not only is it the market leader in the "set-top" boxes needed to receive pay-television but it also owns some of the patents for making digital video discs. These are relatively small markets today, but may take off in coming years.

Some of TMM's debts will still have to be written off. But once that is done it may not look quite the ugly duckling it does today.

ADT/Republic

The real surprise behind yesterday's decision by ADT and Republic Industries to abandon the proposed $5bn merger announced in July is that it has taken the two companies so long to face the facts. This was a transaction based on financial engineering rather than industrial logic. Once Republic's soaring share price – itself based on little more than the reputation of Mr Wayne Huizenga, its entrepreneurial chairman – came under pressure, an all-share merger was always going to be difficult to pull off. The recent public opposition to the deal by Western Resources, ADT's largest shareholder with 23 per cent, was the coup de grâce.

Doubtless both Mr Huizenga and Mr Michael Ashcroft, ADT's chairman, will dust themselves off and bounce back. It may take Republic longer to reach critical mass in car auctions and electronic security without ADT, but it still has highly-rated paper with which to continue to make acquisitions. Mr Ashcroft looks strategically bereft after agreeing to sell out, but ADT has good market positions in the US and UK. And while its shares have fallen a fifth from the peak after the deal was announced, they are still handsomely above their levels of a year ago.



Autoliv/Morton

An airbag has to inflate in a fraction of a second to be effective. Automotive component companies that want to survive the pile-up that is today's consolidating car industry do not have much longer. Yesterday's $4bn merger of Sweden's Autoliv with the airbag division of Morton International of the US comes just weeks after the combination of Lucas and Varity into a world-class brakes manufacturer. And like LucasVarity – and Pharmacia & Upjohn in health care – it transforms two regional companies into a global group while avoiding unfashionable diversification.

The fit between the two is near perfect. Autoliv is market leader in Europe but never managed to break into the US, while Morton is number two in the US and strong in Japan. Despite chunky market shares of 45 per cent in Europe and 35 per cent in the US, the lack of overlap in individual markets should ensure there are no anti-trust problems. There is a similarly good fit in products. Morton is the world leader in airbag components such as chemical inflators; Autoliv makes systems, including seat belts and steering wheels, which contain the driver's airbag.

There is also a defensive element to this deal: as airbags become standard, prices are falling almost as fast as volumes rise. The enlarged company should be able to cut R&D and marketing costs in response. Autoliv investors, who have seen their shares triple since 1994's flotation, must be feeling pretty inflated themselves.

British Gas

There may be good reasons why British Gas has decided against selling its Scottish supply business to Scottish Hydro, but investors have yet to hear them. Certainly the company will have to do better than bleat about being under pressure on other fronts; if inability to cope were the real explanation, management credibility would look shaky indeed.

On the face of it, the plan looked just the kind of imaginative wheeze BG needs. It would have greatly helped BG's planned break-up, hardening the value investors could place on the demerged supply business. And Hydro was offering a fat price: more than £250m ($390m), or over £100 a customer. This is twice the figure used by the gas regulator three months ago; *pro rata*, it would imply a hefty £2bn valuation for BG's supply business as a whole. Of course, Hydro wanted to pay BG a market price for gas, not the artificially high price in BG's "take or pay" contracts. But most analysts think BG's gas assets are enough to cover the cost of bringing these contracts down to market prices; if they are right, the Hydro price implied a value for the supply business of more than £2bn.

Arguably, it still does. Scottish Hydro may have been spurned, but its interest remains evident. And even a collapsed plan should concentrate minds on the value to others of BG's formidable customer base. Some even think BG could benefit from holding on to the Scottish business; conceivably, for instance, it could provide a useful pawn in the "take or pay" negotiations or allow BG ultimately to sell its UK supply business as a single unit. Sadly, there is no sign whatever that such sophisticated logic is at the top of BG management's minds. So shareholders have every right to ask: what is?

Additional Lex on Brent Walker, Page 24

Crisis at Olivetti deepens as debt nearly doubles

By Andrew Hill in Milan

Olivetti, the Italian information technology group, last night underlined the seriousness of its financial position when it revealed that debt had nearly doubled between the beginning of July and the end of August.

Olivetti said net debt had reached L2,394bn ($1.6bn) by August 31, compared with L1,261bn at the end of June and L765bn at the end of last year. The figures confirmed analysts' suspicions that the group's financial situation had worsened notably over the past three months.

However, the company said it foresaw an improvement in the debt position by the end of the year. Olivetti's shares rose L30.1 to L558 ahead of last night's publication of detailed half-year figures. The share price has been overshadowed by uncertainty about the group's future since the resignation of Mr Renzo Francesconi, director-general of finance and auditing at the group's holding company.

Mr Renzo Francesconi's departure on September 4 came the day after Mr Carlo De Benedetti stepped down as the group's chairman.

Mr Francesconi alleged that the financial position was much worse than the figures published on the day of Mr De Benedetti's resignation. Olivetti, which is suing Mr Francesconi for his comments, yesterday confirmed the previously announced pre-tax loss of L440.2bn for the first half of 1996 in a detailed half-year report partly aimed at answering questions posed by Consob, the Italian stock market watchdog.

The figures for debt at August 31 had been withheld in the original answers given to Consob two weeks ago, while Olivetti collected the information from more than 200 subsidiaries.

Mr Roberto Colaninno, Olivetti chief executive, is to meet analysts in Milan on Thursday, and in London on Friday. He was appointed two weeks ago – the third chief executive in as many months – as the De Benedetti family, which owns 15 per cent of Olivetti through its Cir holding company, reaffirmed control.

Mr Dario Trevisan, the lawyer whom foreign institutions want to nominate as an Olivetti director, said yesterday there was no point in seeking conflict with the new management. "At the moment investors want to contribute their point of view and understand the strategy," said Mr Trevisan. He is waiting to see whether Olivetti directors will co-opt him on to the board.

Mr Trevisan, who has voted on behalf of foreign shareholders at Italian shareholder assemblies, has no previous experience as a non-executive director, but said he had the advantage of being "independent".

Challenge to US washday habits

Continued from Page 1

the front-loader's greater efficiency. Frigidaire says its new machine uses 40 per cent less water than the typical top-loader, enough to fill four residential swimming pools a year for the average user.

And with less water to heat, the user saves $90 a year in energy costs. Mr Bob Russell, Frigidaire's vice president of marketing, says US consumers are very attached to their top-loaders. But experience has shown that anyone who has tried a front-loader would never consider going back.

"We don't expect it to take over the market overnight, but we do know it is a better machine," he says. "It gets fabrics cleaner, your clothes last longer, and it's much more economical and environmentally-friendly.

"Detergent manufacturers in the US will tell you there is no question that the horizontal axis machine will out-wash a vertical. You just have to sell people on the idea."

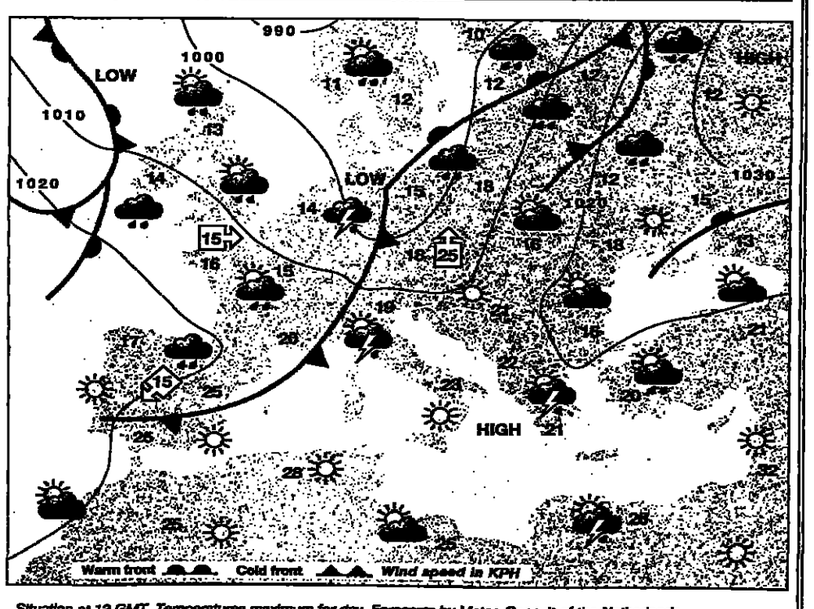
FT WEATHER GUIDE

Europe today

Most areas will be cool with showers and a few bright spells. The Alps, Germany and the Baltic states will have plenty of rain and the risk of isolated thunderstorms. Spain, southern France and northern Italy will also have rain. Western Europe will have several showers. The Mediteranean and the Balkans will have sunny periods and temperatures as high as 25C. The Aegean will have some thunderstorms.

Five-day forecast

Most of Europe will have plenty of rain. Spain and Portugal will be drier. Cool air will gradually head towards eastern Europe.



TODAY'S TEMPERATURES *Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands*

	Maximum Celsius											
Abu Dhabi	sun 38	Beijing	shower 19	Caracas	fair 32	Faro	sun 25	Madrid	cloudy 21	Rangoon	thund 32
Accra	fair 29	Belfast	rain 13	Cardiff	shower 15	Frankfurt	rain 18	Majorca	fair 25	Reykjavik	cloudy 7
Algiers	sun 26	Belgrade	sun 21	Casablanca	fair 24	Geneva	rain 16	Malta	fair 25	Rio	cloudy 28
Amsterdam	shower 15	Berlin	rain 16	Chicago	sun 27	Gibraltar	sun 24	Manchester	shower 14	Rome	fair 25
Athens	thund 22	Bermuda	shower 29	Cologne	rain 14	Glasgow	shower 13	Manila	shower 31	S. Fraco	fair 21
Atlanta	shower 21	Bogota	cloudy 19	Dakar	fair 31	Hamburg	rain 12	Melbourne	cloudy 17	Seoul	shower 25
B. Aires	fair 23	Bombay	sun 31	Dallas	fair 29	Helsinki	shower 10	Mexico City	fair 18	Singapore	fair 32
B.ham	shower 14	Budapest	fair 16	Delhi	sun 38	Hong Kong	fair 30	Miami	shower 32	Stockholm	shower 12
Bahrain	shower 33	Chagen	rain 11	Dubai	sun 37	Honolulu	fair 31	Milan	thund 18	Strasbourg	rain 15
Bangkok	shower 33	Cairo	fair 30	Dublin	shower 14	Istanbul	shower 19	Montreal	cloudy 23	Sydney	fair 20
Barcelona	shower 23	Cape Town	shower 16	Dubrovnik	sun 22	Jakarta	fair 32	Moscow	rain 12	Tangier	sun 23
				Edinburgh	shower 13	Jersey	rain 16	Munich	shower 19	Tel Aviv	sun 29
						Karachi	sun 34	Nairobi	fair 26	Tokyo	rain 22
						Kuwait	sun 41	Naples	fair 23	Toronto	fair 23
						L. Angeles	fair 21	Nassau	shower 32	Vancouver	fair 21
						Las Palmas	fair 27	New York	fair 23	Venice	shower 20
						Lima	fair 20	Nice	shower 22	Vienna	sun 20
						Lisbon	sun 22	Nicosia	sun 28	Warsaw	cloudy 18
						London	cloudy 15	Oslo	shower 13	Washington	fair 24
						Luxbourg	rain 12	Paris	shower 15	Wellington	rain 14
						Lyon	rain 17	Perth	fair 18	Winnipeg	rain 14
						Madeira	fair 24	Prague	cloudy 19	Zurich	rain 14

We wish you a pleasant flight.
Lufthansa

"Loadsamoney."
HAMBROS
Hambro European Ventures

هكذا من الأصل

"Conceive optimistically, plan pessimistically, and execute optimistically."
KAZUO INAMORI, founder of Kyocera
KYOCERA

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday October 1 1996

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IN BRIEF

Elektrowatt plans big restructuring

Elektrowatt, the Swiss conglomerate that recently took over Landis & Gyr, the electronic control system group, announced a big restructuring and forecast a 57 per cent drop in full-year net income to SFr90m ($71.8m) in spite of an expected SFr2bn rise in revenues to SFr7.1bn. Page 20

Daewoo ready to pay premium for Lotus

Daewoo, the Korean industrial group, is poised to pay a substantial premium to acquire Group Lotus, the UK sports car and engineering concern. Under the proposed deal, which could be signed by the end of the week, Daewoo is expected to pay about $75m to Mr Romano Artioli (left), the Italian entrepreneur who is the current owner of Lotus. This is well above the amount which other potential investors have been prepared to offer. Page 24

Kvaerner rejects VAI settlement move
Kvaerner, the Norwegian shipbuilding and engineering group, has rejected attempts by VAI, its Austrian rival, to settle a multi-million dollar lawsuit over industrial espionage at Davy International, one of Kvaerner's UK subsidiaries. Page 21

Acer chief urges PC groups to focus
Sharp changes in the economics of the personal computer market favoured segment leaders rather than PC companies which tried to compete across the board, Mr Stan Shih, chief executive of Acer, Taiwan's leading PC maker, told a computer conference in Berlin. Page 22

Amoco forecasts chemicals sales jump
Amoco, the US oil and petrochemicals company, predicted that its chemicals division would record $10bn in sales worldwide by 2000, up from $5.6bn in 1995, with most of the growth expected to come from Asia. Page 23

Hong Kong index hits 2½-year high
In Hong Kong, the Hang Seng index climbed to its highest level since February 4 1994, lifted by an improved outlook for interest rates and upward revisions in corporate earnings forecasts. The index gained 143.04 to 11,902.43. Page 32

FT-SE indices
With effect from today, the names of various market indices reported in the Financial Times have changed to reflect the fact that they are now calculated by FT-SE International, a joint venture company formed by the Financial Times and the London Stock Exchange.

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Goldschmidt	660	+	10
Kali & Salz	179	+	4
Kerstadt	527	+	6
Lahmeyer	563	+	8
Falls			
Porsche	1030	–	21
Schmalbach Lub	287	–	4

NEW YORK ($)

Rises			
Global Direct	45¼	+	2¼
Reliance Steel	34¼	+	2
Falls			
Am Pad & Paper	20⅝	–	1⅛
Designer Hldgs	24¼	–	2⅛
Donna Karan	22¾	–	1¼
PHP Healthcare	28	–	1⅝

LONDON (Pence)

Rises			
Goodwin	105	+	44½
Memory	58½	+	12
Ngun Leisure	157	+	16
Self Sealing	35½	+	17
Falls			
Healthcall	72½	–	9
Stratagem	71½	–	16

TORONTO (CS)

Rises			
Biochem Pharm	54.0	+	2.5
Counsel Corp	14.7	+	1.4
Hammerhdghd	39.0	+	1.6
Tandem Corp	11.35	+	1.35
Zenon Env	9.4	+	1.1
Falls			
Alcda Bc	20	–	1

PARIS (FFr)

Rises			
Alcatel	435.5	+	24.5
Nord Est	133.0	+	5.1
Pernod Ricard	286.0	+	8.3
Seita	217.0	+	9.1
Worms Cie	260.0	+	10.5
Falls			
Cred Lyon	134.0	–	5.9

TOKYO (Yen)

Rises			
Fado Constn	735	+	26
Ito Yokado	6330	+	140
Kikkoman	865	+	24
Falls			
Hokuriku Bank	625	–	19
Mitshi Matls	534	–	14
Nihon Prtr	671	–	21

HONG KONG (HKS)

Rises			
ASM Pacific	6.20	+	0.33
Manhattan	3.625	+	0.325
Shangtex Int	17.75	+	1.05
Falls			
Hang Lung Prt	2.05	–	0.10
Le Saunda Hld	1.40	–	0.14
Vincent Int	0.275	–	0.11

BANGKOK (Baht)

Rises			
Advanced Info	348	+	30
Siam City	174	+	15
Thanying Un	151	+	13
Tisco	176	+	10
Falls			
Sahaviriya	8.6	–	0.8
Wall Street	9	–	1

New York & Toronto prices at 12.30.

Eurotunnel misses refinancing deadline

By Geoff Dyer in London and Andrew Jack in Paris

Anxieties about Eurotunnel's future deepened yesterday after the Channel tunnel operator missed the deadline for reaching a refinancing agreement with its banks and requested the suspension of its shares.

The fate of the Anglo-French group could be decided within days by the president of the French commercial court, who now has the power to begin administration proceedings.

Eurotunnel asked for trading in its shares to be suspended yesterday, fearing that leaks about the court's plans would create a false market.

Shareholder groups welcomed the decision to freeze the shares, arguing that in the past they had discovered information only after a leak and the share price had risen or fallen in response.

Adacte, the Paris-based association for the defence of Eurotunnel shareholders, said it had called for many months for the listing to be suspended while negotiations continued.

The two mediators appointed in February by the French court to assist the negotiations presented their conclusions on the refinancing talks yesterday, when their mandates expired.

Mr Jean-Pierre Mattei, the head of the court who has decided not to re-extend the mediators' contracts, now has the choice of either trying to impose a compromise on the two sides or putting the company into administration.

Negotiators said the court was likely to present a refinancing plan to both sides, possibly within days, with the implicit threat that if these terms were rejected, administration would be inevitable.

Although the company, the banks and shareholders have stressed that administration was not in anyone's interests, the expiry of the mediators' contracts raised fears among bankers that the negotiations could spin out of control.

According to one banker: "The court has the power to put the company into liquidation. Once you start along the path of court procedures, the risks increase significantly."

The process was not expected to last longer than a few weeks, negotiators said, and Eurotunnel shares would resume trading if and when the company reached agreement with the banks.

Administration would trigger an unprecedented jurisdictional battle between the UK and France over assets and the control of Eurotunnel, lawyers said.

Moody's warns on Japanese chemicals

By William Dawkins in Tokyo

The Japanese chemicals industry's overall credit quality will weaken over the next three to seven years, because of falling domestic prices, overcapacity and stiff Asian competition, Moody's, the credit rating agency, warned yesterday.

In the year to March, Japanese chemicals companies managed for the first time in years to produce profits without having to inflate earnings with sales of shares and land, says a Moody's report.*

The recovery was mainly thanks to a rise in exports to Asian countries, which only masked the "grim" outlook for Japanese domestic demand for commodity chemicals.

A growing number of the companies' industrial customers are increasing production in east Asia, in search of cheaper costs and supplies, with the result that the Japanese domestic market is in long-term decline.

Larger and more efficient US and European chemical producing competitors are quickly moving into Asia to service those newly arrived customers, replacing their former Japanese suppliers, Moody's points out.

Old allegiances are not enough to bind Japanese chemical companies and customers, as the latter move offshore in search of new markets. And yet Japanese chemical companies, with a few exceptions, have failed to invest in strategic markets outside Japan.

Like their international competitors, Japan's chemicals producers have tried to restructure, mainly through mergers and joint ventures. But they have failed to close inefficient plants, cut overheads and move into more profitable products.

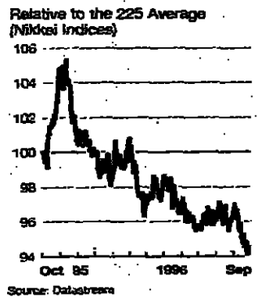
The most recent example, announced three weeks ago, was the merger of the main chemical companies in the Mitsui *keiretsu*, or corporate family – Mitsui Petrochemical, a producer of synthetic textile materials, and Mitsui Toatsu, which makes resins and agrochemicals.

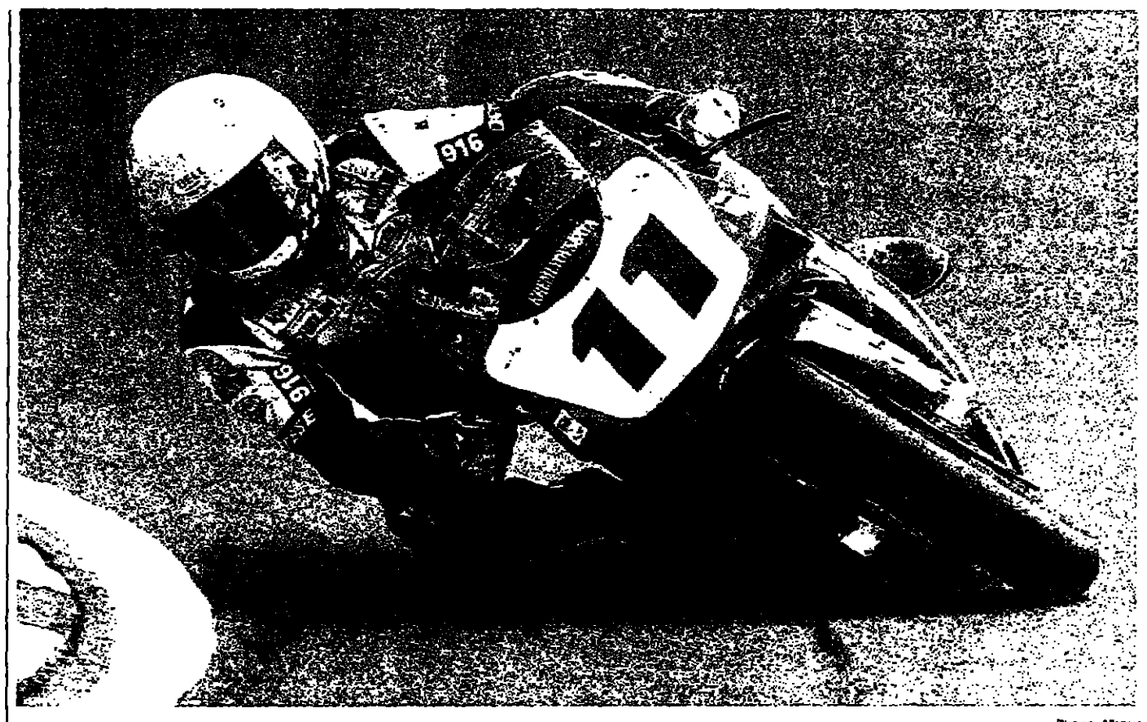
The merger, due for completion in October next year, will form Japan's largest chemical group after the formation of Mitsubishi Chemical two years ago, from Mitsubishi Kaisei and Mitsubishi Petrochemical. The Mitsubishi merger opened a period of restructuring which has seen the number of Japanese PVC producers cut from 15 to 11.

But there are too many companies for the size of the market. In many cases, joint ventures and mergers merely seek economies of scale in distribution, but do not do what is most needed – cut capacity. Japan's chemicals companies cannot improve long-term profitability until they close inefficient capacity, and cut jobs, plants and producers, the report says.

Ratings pressure, Page 26
*"The Japanese Chemical Industry: More Restructuring Needed. Moody's Investors Service.

Japanese chemicals





Picture: Allsport

A group of investors led by Texas Pacific Group of the US has bought into Ducati, the Italian sports and racing motorcycle manufacturer. The L400bn ($300m) deal is intended to lead to a doubling of production to 40,000 machines a year. Pictured above: American John Kocinski rides a Ducati in the recent World Superbike Championship at Brands Hatch in the UK. Report, Page 20

Betting industry in UK hit by 7 wins

By Christopher Price in London

An estimated one third of the UK's betting shop industry's £100m ($155m) annual profits were wiped out by jockey Frankie Dettori's unprecedented seven-horse triumph at Ascot race course on Saturday.

Stanley Leisure, the fourth biggest bookmaker or betting shop chain, was forced to issue a profits warning as its losses reached £2.25m after the race.

William Hill and Ladbroke, the two biggest bookmakers, are understood to have losses of about £8m each, while Coral, the third biggest bookmaker, lost an estimated £4m.

Bookmakers would normally regard losing £2m on a big race as a bad result.

Mr Tom Kelly, director general of the Betting Office Licensees' Association which represents 5,000 of the 8,800 UK betting shops, said the total losses would have been higher if bookmakers did not have limits on payouts. This is generally £500,000 per bet among the bigger bookmakers, dropping to about £25,000 for smaller ones.

Mr Kelly said it was difficult to put an exact figure on the extent of the industry's losses but added: "It could be £30m, but could be higher still".

Gamblers backing the Italian-born Mr Dettori to win all seven races saw their original bets multiply by the odds quoted on each horse every time he won. Faced with such a large number of accumulator bets on Mr Dettori, bookmakers were unable to pass the risks on to third parties, as they normally would.

Autoliv to merge with Morton unit

By Hugh Carnegy in Stockholm

Sweden's Autoliv and Morton International of the US yesterday announced plans to create the world's biggest car airbag and seatbelt supplier through the merger of Autoliv with Morton's car safety business.

The new company – Autoliv Inc – is forecast to have annual sales of $3bn and more than 40 per cent of the airbag market in the US, Europe and Japan. The market capitalisation of the company, which is to be quoted on the New York Stock Exchange, is set to be above $4bn.

Autoliv said the merger would produce little short-term earnings enhancement. But shares in Autoliv, which will take a 53.5 per cent share in the new company, rose sharply after the news, closing at SKr286, up SKr33. In early trading in New York, Morton International shares rose $1⅝ to $39⅝.

The two companies have signed a letter of intent but have still to complete a full agreement and win shareholder approval. Once approved, the merger will combine Autoliv's fast-growing airbag system and seat belt operations with the Morton subsidiary Automotive Safety Products.

Mr Gunnar Bark, chief executive of Autoliv until August this year, will chair Autoliv Inc. Mr Fred Musone, president of ASP, will become chief executive, and Mr Paul Charlety, the Frenchman who succeeded Mr Bark as Autoliv chief executive, will be chief operating officer.

Analysts said the two companies would make a neat match. Autoliv, spun off from Electrolux in 1994, is the leading seat belt and airbag producer in Europe, where airbag use is still growing fast. However, it has only a small market share in the more mature US market. ASP has most of its sales in the US and Japan, but has relatively small sales in Europe.

Under the planned deal, Morton International shareholders will exchange their interest in ASP for 46.5 per cent of Autoliv Inc. Morton will then distribute shares in a new company called New Morton International to continue its speciality chemicals and salt operations. ASP will provide New Morton with $750m in cash, funded through borrowing.
Lex, Page 18

Planned $4.5bn takeover of ADT collapses on price

By Richard Waters in New York

A planned $4.5bn merger that would have given Mr Wayne Huizenga, one of the most successful entrepreneurs in the US, control of home security company ADT collapsed yesterday after a no-confidence vote from the stock market.

ADT, a Bermuda-based company controlled by the British entrepreneur Mr Michael Ashcroft, is believed to have put a formal end to the transaction after it became clear that Mr Huizenga's all-stock offer could not be completed at the price originally intended.

The July offer from Republic Industries, Mr Huizenga's latest corporate vehicle, initially valued ADT at about $26 a share, but fell quickly after the deal was announced to as low as $18.50 a share.

In recent weeks, a growing belief in the stock market that the deal would not be completed had led to a recovery in Republic's shares, and had left ADT's stock more than 25 per cent below the value implied by the offer.

ADT also faced opposition from its largest shareholder, Western Resources, an electric utility which owns 23 per cent of the company's stock, though this would not have been enough alone to block the deal.

Yesterday's move prompted speculation on Wall Street, where most of the Bermuda-based company's stock is traded, that other buyers would eventually emerge for ADT. The company, which generates 80 per cent of its revenues from home security and the rest from the car auction business, is the biggest home security company in the US, and is widely seen as having the strongest brand in a consolidating industry.

Companies which have expressed an interest in expanding into home security, which relies on a direct communication link to the home to provide constant monitoring, include telephone, cable television and energy groups.

In the short term, however, buying interest could be muted. Republic Industries, under its agreement, has a warrant to buy 15m ADT shares at $20 for the next six months, making any deal above that price more expensive for a buyer. Also, local telephone companies, among the most likely new entrants in the home security business, were blocked by legislation from making acquisitions until 2000, said Mr Jeff Kessler, an analyst at Lehman Brothers.

Western Resources, which has bought smaller home security companies, refused to comment on whether it would bid for ADT. However, it said: "We believe security services are a logical fit with energy services coming into the home."

ADT, however, is not believed actively to be seeking buyers. "There is no such thing as an exit strategy," a figure close to the company said. The agreement with Republic was prompted by what seemed to be an attractive offer from Mr Huizenga, rather than by an attempt to sell the company.
Lex, Page 18

This announcement appears as a matter of record only.

September 1996

THE
MWB
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Elektrowatt announces restructuring

By William Hall in Zurich

Elektrowatt, the Swiss conglomerate that recently took over Landis & Gyr, the electronic control system group, yesterday announced a major restructuring, and forecast a 57 per cent drop in full-year net income to SFr90m ($71.8m), despite a SFr2bn rise in revenues to SFr7.1bn.

The sharp fall in expected profits for the year to end-September reflects provisions already announced of SFr80m on the group's real estate holdings, and SFr40m to cover the costs of restructuring following the SFr1.8bn acquisition of Landis & Gyr.

Mr Oskar Ronner, Elektrowatt's chief executive, said that after adjustments for the new provisions, Elektrowatt's net operating income would be similar to last year's SFr210m.

He said the group had met the targets set at the time of the Landis & Gyr acquisition, but it was now necessary to create the basis for "above-average growth" in sales and profits at the new Elektrowatt Group.

The restructuring announcement comes amid speculation about the future of Elektrowatt, whose shares have risen 17 per cent this year. CS Holding, Switzerland's second biggest bank, wants to sell its 46 per cent stake in Elektrowatt to help pay for its own restructuring.

It is also rumoured that Motor-Columbus, whose biggest shareholder is Union Bank of Switzerland, is interested in combining its own electric utility business with Elektrowatt's.

Switzerland plays an important strategic role in European electricity supplies. A combination of the two companies would create a major Swiss competitor better able to take advantage of the opportunities arising from the deregulation of the European energy market. Mr Ronner declined to comment on the speculation yesterday and stressed he wanted to keep Elektrowatt as an independent company.

The measures announced by Elektrowatt include a merger of the headquarters of Landis & Gyr, a reshuffle of Elektrowatt's top management team, and a a planned reduction of the amount of capital tied up in Elektrowatt's low-yield electric utilities business. Elektrowatt also plans to link the pay of its top executives to the company's performance and share price.

As part of the restructuring, Mr Ronner is taking charge of the building control business, which has been enlarged by the combination of Landis's operation and Elektrowatt's smaller Staefa business.

Mr Paul Otth, Landis's chief financial officer, takes over as chief financial officer of the enlarged group and Mr George Jakob, a former Jakobs Suchard executive, has been brought in as head of human resources.

After the restructuring, Elektrowatt will be one of the world's leading suppliers of building control and security systems, with sales of SFr4.1bn and a staff of 21,500.

Its other business will be in power supply and the provision of power supply systems. It will have sales of SFr3bn and a staff of 9,500.

Elektrowatt's shares fell by SFr2 to SFr498 yesterday. Mr Simon Marshall-Lockyer, of NatWest Markets in Zurich, said it was too early to say whether the Landis & Gyr acquisition was working.

US-led group buys into Ducati

By John Griffiths

A US investment group has bought into Ducati, the legendary Italian sports and racing motorcycle manufacturer, in a L400bn ($263.3m) deal intended to double production to 40,000 machines a year.

A group of investors led by Texas Pacific Group, based in San Francisco and Fort Worth, has formed a joint venture with Mr Claudio Castiglioni and his brother, Gianfranco, to acquire all the assets of the Bologna-based motorcycle company from Cagiva Group.

Cagiva, the Castiglioni family-owned conglomerate, acquired Ducati 11 years ago.

The new owners say that the substantial cash injection will at last help Ducati to develop new models and raise output.

The group has been constrained by lack of finance, in spite of annual unit sales growth of 25 per cent between 1990 and last year.

"Our partnership with Texas Pacific will now allow us to do what we do best – make the world's greatest and fastest motorcycles," said Mr Claudio Castiglioni, Ducati's chairman.

Although Ducati itself has been profitable, its earnings have mainly been allocated elsewhere in the Cagiva group, Mr Able Halpern, Texas Pacific's negotiator of the deal, said last night.

The US investment group has acquired 41 per cent of Ducati, with 10 per cent held by Morgan Grenfell Italy and the remaining 49 per cent by the Castiglioni brothers.

Texas and Morgan Grenfell have paid a total of about $100m for their equity stakes, with the other $200m comprising loan capital.

The new venture, Ducati Motors, is to make an immediate distribution totalling L55bn to Ducati's suppliers, who have frequently faced delays in receiving payment.

The US investment group says it believes that even doubling production, through an intended increase in manufacturing capacity at Bologna, would still leave worldwide demand for the racy machines substantially outstripping supply.

EUROPEAN NEWS DIGEST

ARD to market digital TV decoder

ARD, the German public sector broadcasting network, plans to market its own decoder box as part of its strategy for digital television.

The move marks a further stage in the likely demise of MMBG, the digital pay-TV consortium between ARD, the commercial media group Bertelsmann, Canal Plus, the French broadcasting company, and Deutsche Telekom, the soon-to-be-privatised state telecoms company. MMBG was established to develop a uniform decoder and broadcasting standard for digital television, but has now all but collapsed after Deutsche Telekom withdrew two weeks ago to concentrate on marketing its own box.

ARD's decoder box, which is needed for the reception of the digitally transmitted signal, would be launched next April at a retail price of about DM200 ($131). The decoder for KirchGroup's digital pay-TV network, DF-1, costs DM890.

Mr Jobst Plog, head of North German Broadcasting (NDR), one of the members of the ARD consortium, said viewers would be able to tailor their own programme package through a series of "book-marks" which registered their particular tastes. Unlike its commercial rivals, which have been investing in the development of digital pay-TV, ARD would not be charging for the service. German television viewers already fund ARD and the second public sector network ZDF through a monthly licence fee.

Frederick Stildemann, Berlin

Polish copper sell-off on track

A consortium composed of UBS, BZW and the Polish Wielkopolski Bank Kredytowy yesterday signed a long-awaited agreement to advise the Polish government on the sale of KGHM, the country's copper producer, setting in train what promises to be Poland's largest privatisation to date.

The deal was signed on the last day of operations for Poland's privatisation ministry before it is amalgamated with a newly created state treasury, which will have responsibility for holding and selling state-owned companies. It puts the KGHM privatisation on track for the middle of next year.

Last year KGHM reported a net profit worth 513.7m zlotys ($183m) on sales worth 4bn zlotys. The government has said it intends to sell stakes to investors at home and abroad while retaining overall control of the combine, which is expected to be valued at about $1.5bn.

Christopher Bobinski, Warsaw

Degussa unit in US purchase

Degussa, the German chemicals, precious metals and pharmaceuticals group, said yesterday that its Asta Medica drugs unit was raising its stake in Muro Pharmaceutical of the US from 20 per cent to 100 per cent. The deal values Muro Pharmaceutical at $350m. The purchase is subject to approval by US antitrust authorities.

The group said the deal would be financed mainly through the issue of about 630,000 Degussa shares, which translates into about DM31.5m ($20.7m) of base capital. It would also require $100m in cash.

Muro specialises in over-the-counter respiratory drugs, one of Asta Medica's core businesses. It employs about 270 people and has annual sales of about $120m. Degussa said the acquisition would "significantly strengthen Asta Medica's position on the international pharmaceutical market". However, investors were unimpressed, and Degussa shares closed DM2.5 lower yesterday at DM552.5.

Sarah Althaus, Frankfurt

Krupp sells steel trading arm

Krupp, the German steel and engineering group, yesterday sold its steel trading activities to Stinnes Interfer, a subsidiary of the Veba conglomerate, withdrawing from a market in which it said it was too small. The sale marks a further disposal by Krupp, which has been restructured extensively in recent years. The Essen-based group declined to say how much it had sold business for. The division had sales last year of DM465m ($305m) and although it was profitable, Krupp said steel trading was no longer one of its main activities. "The market is extremely competitive and in the long run we are too small," the company said.

Stinnes, already one of Germany's largest steel traders with sales of more than DM2bn, said Krupp's activities fitted well with its existing sites, especially in northern Germany. Since Krupp is also the world's biggest manufacturer of stainless steels, Stinnes would also be able to offer clients a broader range of steel products, the company said.

Michael Lindemann, Bonn

Parmalat pre-tax rises 64%

Parmalat, the Italian dairy products company, yesterday announced a 64 per cent jump in pre-tax profits, from L89bn to L146bn ($96m), for the six months to June 30. However, operating profit rose only 26 per cent to L232bn, on sales up from L2,043bn to L2,694bn. The rapidly expanding group raised L464bn recently in a rights issue.

AFX News, Milan

Roche in 'flu drug R&D deal

Roche, the Swiss pharmaceuticals company, has signed a collaboration with Gilead, one of the fastest-growing of US biotechnology companies, to develop drugs to treat influenza. Roche will make an initial payment of $10m to Gilead with another $40m payable as the collaboration passes product development and regulatory milestones.

Under the terms of the deal, Gilead will do the research and US testing while Roche tests outside the US. Roche would market and sell any products worldwide. The technology is based on chemicals called neuraminidase inhibitors that are also being tested by other companies. The most notable of these is Glaxo Wellcome of the UK, which is a Gilead partner in a different medical area.

Daniel Green

Scor's roadshow rolls on with global strategy

Jacques Blondeau is in the middle of a hectic foreign travel schedule this week as he completes the final part of his strategy to make Scor, the French reinsurance group which he chairs, both "large and global".

The US Securities and Exchange Commission gave the green light last week to the group's plan to seek a New York listing for up to 30 per cent of its shares, an operation expected to generate some $300m for the seller, the French insurer UAP. The shares will be introduced by mid-October.

It comes after several years in which Scor has gradually been diversifying its business activities, geographical spread and shareholder base as part of its efforts to maintain an important role in the fast-changing world of reinsurance.

The group is the world's sixth-largest reinsurer by turnover and, argues Mr Blondeau, one of just five which are truly global, offering all products through a comprehensive network of local offices.

"It is more and more clear that you have to have a local foothold or you are completely under the control of brokers," he says.

That explains its recent branch openings in Brazil and Thailand, for example. More significantly, it is the reasoning behind the group's $500m acquisition of the reinsurance arm of Allstate, the US insurer, this summer, which now means one-third of turnover comes from North America.

"We were too small in the US and looking for a complementary portfolio," he says. Scor already had "a small part of big companies" through its New York operations, but needed "a large part of small companies" in the Chicago-based regional market. He says that an acquisition was a far more logical approach than attempting to build up a separate operation in a field known for long, well-established relationships.

He argues that a balance between US and European businesses is vital, since they operate according to different cycles. He is more sceptical about the importance of Asia, arguing that the operations launched in the region by many companies are "good for headlines" but still very small. "Everyone is passionate about Vietnam, but the average income is very low and they only want to insure bicycles," he says.

Hence Scor's focus on the US – reporting its results for the first time this year according to US accounting standards, in preparation for the imminent listing on the New York stock exchange. This explains Mr Blondeau's current "roadshows" to explain the group to foreign investors.

The listing might seem a bit strange given that only last year the group withdrew its US-quoted subsidiary from the market. But Mr Blondeau stresses that it was essential "in view of our activity and image" that the parent company be traded directly in New York.

Its now-dissolved Scor US subsidiary – and equivalents in Singapore and Canada – were a rather unsatisfactory way to raise capital at a time when the group was directly or indirectly controlled by the French government, which barred it from issuing shares in the parent company and was unable to provide it with additional money from elsewhere. "The state was not a very good shareholder," he says.

The new US listing is the final stage in an important modification in ownership of the group. Founded by the French government in 1970, Scor was controlled by a group of large national insurers bound together in a pact. After the agreement came to an end in 1995, Axa and AGF – which had their own reinsurers – sold their stakes.

UAP, which had acquired a 40 per cent participation partly through its sale to Scor of its own reinsurance subsidiary in 1989, remained. It is now selling up to 30 per cent through the US market, while retaining a further 10 per cent for strategic reasons. He wants other clients – such as Crédit Agricole's subsidiary Predica, and Swiss Re – to remain an important part of the new structure of owners.

In the wake of a number of mergers between large reinsurance groups, Mr Blondeau believes his group can continue to exist independently.

"We are a beneficiary of the concentration into big groups," he says. "Clients do not want to be 100 per cent with one company, they want to keep a minimum of diversification."

He argues that "just about all possible mergers have now been done". He does not rule out the possibility of a merger between Scor and another group, but argues it would "not be easy" and says no discussions are currently under way. He believes evolution is more likely through the acquisition of portfolios rather than whole companies.

Andrew Jack

Jacques Blondeau: 'You have to have a local foothold or you are completely under the control of brokers'

Cost cuts lift Benetton earnings 9% but shares slip

By Andrew Hill in Milan

Benetton, the Italian clothing group, pushed up net profit in the first half of 1996 owing to further cost savings, lower financial charges, and "positive management of currency risks".

After tax and minority interests, the group's profit for the period rose to L116bn ($76.2m), against L106bn in the first half of 1995. But operating profit slipped from L232bn to L204bn and sales were static at L1,466bn, compared with L1,463bn.

Financial charges fell more than 50 per cent to L12.6bn in the first half, and the strengthening lira also helped reverse the L22.8bn loss on foreign exchange operations in the first half of last year. This time, Benetton recorded a L39.4bn gain on hedging of currency movements, and Mr Carlo Gilardi, the group's managing director, said there would be a further gain in the second half.

Net debt was cut from L490bn at June 30 1995 to L235bn at the end of this year's first half. Mr Gilardi said the company expected to eliminate debt completely by the end of the year, and at least match first-half profitability in the second half.

The group was perplexed by the reaction of the market, which marked down Benetton's share price L670 yesterday, to L17,150. "We came out with net profit 9 per cent higher in a weak market, in which we have increased our volumes, improved the competitiveness of our product and cut our costs: I really don't see what is not going well," Mr Gilardi said.

The group – quoted in Milan but controlled by Edizione, the founding family's private holding company – invested L40bn in continued production and process improvements in the first half, concentrating on its principal brands – United Colors of Benetton, Sisley, 012 and Zerotondo.

Mr Gilardi pointed out – after the latest in a series of reports that Edizione would float a stake in Benetton Sportsystem, the sporting equipment company, in New York – that Sportsystem was a subsidiary of Edizione and not of the quoted clothing group.

World Stock Markets, Page 38

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September, 1996

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on 01.10.96 Pool purchase price £/MWh	Final Price for Trading on 03.09.96 Pool purchase price £/MWh	Pool selling price £/MWh
0000	11.72	9.00	8.00
0100	9.15	8.85	8.85
0130	9.15	8.85	8.85
0200	9.15	8.86	8.86
0230	9.15	8.86	8.86
0300	9.15	8.86	8.86
0330	9.15	8.86	8.86
0400	9.15	8.86	8.86
0430	9.15	8.86	8.86
0500	9.15	8.88	8.88
0530	9.08	8.98	8.98
0600	9.08	8.99	8.99
0630	11.73	9.02	9.02
0700	11.77	9.03	9.03
0730	12.75	12.85	13.97
0800	16.44	15.10	16.90
0830	16.91	20.52	23.54
0900	17.59	29.32	33.44
0930	17.95	35.81	42.58
1000	19.92	41.76	49.73
1030	18.91	45.98	54.86
1100	18.50	51.19	61.21
1130	21.04	67.91	78.18
1200	40.69	70.93	82.71
1230	20.42	66.00	76.71
1300	17.41	57.05	65.04
1330	17.30	35.78	42.55
1400	16.24	31.07	36.79
1430	16.03	27.56	32.62
1500	14.93	26.22	30.93
1530	14.91	26.71	31.59
1600	15.57	31.20	36.85
1630	19.53	39.63	47.53
1700	45.75	60.74	68.66
1730	48.14	47.02	55.09
1800	44.09	35.98	41.72
1830	29.20	19.05	21.93
1900	54.72	14.79	16.47
1930	56.04	9.95	8.85
2000	56.84	12.10	12.10
2030	35.16	34.68	37.02
2100	17.47	35.08	37.45
2130	14.34	15.46	17.23
2200	14.08	13.55	14.82
2230	14.02	12.82	13.87
2300	14.02	12.64	13.68
2330	11.77	12.58	13.60
2400	11.73	11.86	12.71

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pounds per kilowatt-hour the decimal point should be moved one place to the left, eg £30.00/MWh becomes 1 penny/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or corrections, no reliance should be placed upon provisional pool prices for any day being the basis as final pool prices for that day. Final pool prices are also payable by investors. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0171 925 6789 between 8.30am and 5.15pm Monday to Friday.

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Merger of Aker and RGI stalls

By Hugh Carnegy in Stockholm

The proposed creation of a Norwegian industrial conglomerate stalled yesterday when Aker, the offshore engineering and cement group, and RGI, which has interests in fishing and shipbuilding, failed to agree terms for a merger.

After an eight-month courtship of Aker by RGI, during which RGI built up a 30 per cent stake in Aker, merger negotiations broke down over the weekend when the two sides disagreed over the relative values of the two companies.

A merger, favoured by both managements, would have created one of Norway's biggest private-sector companies with a combined turnover of some NKr18bn ($2.7bn). It would have marked a further rise in prominence by Mr Kjell Inge Rökke, the Norwegian entrepreneur who has built RGI into one of the world's top fishing concerns.

Analysts said it was unlikely Mr Rökke would give up the ambition to join the two companies. RGI repeated yesterday its belief in the logic of a merger and said it would reconsider its position. But it was not clear how the dispute between RGI and its fellow Aker shareholders, dominated by Norwegian and foreign institutions, could be resolved without a costly takeover bid by RGI.

Aker's B shares fell NKr1.50 to Nkr122.50, while RGI shares were unchanged at NKr66.50. Negotiations broke down when RGI refused to accept that the valuations of the two companies should include a premium on Aker's current share price.

Since February, RGI has spent NKr1.5bn buying up a 30 per cent stake in Aker, and has topped this up with the purchase of options for a further 10 per cent. Its intervention has helped drive Aker's shares up from below NKr100 at the start of the year.

The merger breakdown leaves Aker in limbo. Mr Tom Ruud, its chief executive, is due to leave the company at the end of this month, having been forced to resign earlier this year in a row over strategy.

The group has undergone radical restructuring over the past two years, switching from an operational industrial concern to a holding company. Its main interests are an 80 per cent stake in Aker Maritime, an offshore engineering group; a 33.3 per cent holding in Scancem, the Nordic region's dominant cement producer; and a 30 per cent holding in Partek, the Finnish construction materials group.

BALTIC INVESTMENTS S.A.

Interim Unaudited Results

	For the six months ended 30th June 1996	1995
Turnover	£ 000 6,649	£ 000 6,182
Profit after tax	2,714	2,658
Basic earnings per Linked Unit	30.9p	30.4p
Gross dividend per Linked Unit	5.0p	4.69p

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Troubled Traub searches for suitor

Traub, the troubled German machine tool company which has lost money for five consecutive years, has put itself up for sale.

It says it is talking with about 10 potential partners, some of which might be interested in a full bid.

With bank debts of DM300m ($197m), Germany's fourth-biggest machine tool builder urgently needs a cash injection.

Mr Gerhard Protze, the company's chief executive, says a "clearer picture" of the company's future could emerge by the autumn, after talks with potential suitors.

"We are looking for [a partner] who could inject cash and has a strong position in markets where we are relatively weak, such as Asia and the US," he says.

Most of the potential partners are already in the machine tool business.

Mr Protze reveals no names, but denies he had talked to Gildemeister, Germany's biggest publicly quoted machine tool company.

Some analysts have seen Gildemeister, which also has financial problems, as a possible partner for Traub.

'We are looking for [a partner] who could inject cash and is strong in markets where we are relatively weak, such as Asia and the US' – Gerhard Protze, chief executive

While Traub made a loss of DM16.4m in the first six months of this year, Mr Protze says he is confident of an improvement in the second half, with the likelihood of a general upturn in the German economy.

Analysts, however, are generally sceptical about Traub's outlook. "I am not sure where Mr Protze is going to find the extra orders he is talking about for the final half of the year," says Mrs Elke Rudolph, an analyst at Commerzbank in Frankfurt.

Mr Olaf Tölke, of Merrill Lynch, says he does not "envisage a queue of companies wanting to join a venture with Traub".

About two-thirds of Traub's sales last year of DM521m came from lathes and turning machines, made in its main factory in Reichenbach, near Stuttgart, with most of the rest coming from its Heckert operations in Chemnitz.

In 1993, Traub bought Heckert, a large milling machine enterprise, which in the 1970s and 1980s had been one of the flagships of the East German machine tool industry.

Under a controversial deal with the Treuhand – the German state body charged with privatising industry in the former East Germany – Traub is receiving DM113m of state funds.

Mr Protze says investment at Chemnitz is having a "tremendous" impact on quality and productivity. Traub is also taking steps to deal with problems in the supply of components.

Over the next few years Traub will attempt to switch more of its manufacturing away from Germany in a search for lower-cost locations.

In particular, Mr Protze has high hopes for Tos Galanta, a manufacturer in Slovakia in which Traub acquired a controlling stake early this year.

The company – with labour costs 90 per cent lower than in Germany – will be used to make "non-core components" such as castings and welded components.

Mr Protze says Traub will also step up assembly at its plants in the US and Italy, in order to reduce their dependence on Germany and to form closer links with customers in these countries.

Peter Marsh

Gerhard Protze: confident of improvement in second half

Kvaerner spurns VAI attempt to settle row

By Tim Burt

Kvaerner, the Norwegian shipbuilding and engineering group, has rejected attempts by Austrian rival VAI to settle a multi-million dollar lawsuit over alleged industrial espionage at one of its UK subsidiaries.

VAI, part of the Austrian industrial conglomerate VA Technologie, yesterday admitted it had met Kvaerner to discuss ways to defuse the row over the alleged theft of more than 2,000 documents from Kvaerner's Davy International subsidiary.

The Austrian company, however, said the discussions were instigated by Kvaerner – a claim denied by the Norwegian group – and culminated in a meeting earlier this month between Mr Horst Weisinger, VAI's chief executive, and his opposite number at Kvaerner, Mr Erik Tonseth.

Kvaerner, which inherited Davy following its £904m ($1.4bn) acquisition of Trafalgar House earlier this year, yesterday indicated the talks had collapsed without agreement.

Industry observers said the Austrian group, which denies any wrongdoing, was likely to press ahead with plans to submit a "complete defence and counter-claim for substantial damages".

For its part, Kvaerner has issued writs against Mr Weisinger and Mr Richard Guserl, VAI's finance director. The Scandinavian group has alleged that the executives were aware that VAI's UK subsidiary had illegally obtained confidential technical and contractual information from Davy, Kvaerner's metals processing arm.

Writs have also been issued against other VAI employees, including Mr Roy Tazzyman, managing director of the Austrian group's UK subsidiary. Mr Tazzyman was previously chief executive of Davy International.

Octavia becomes VW's spearhead in budget car battle

Skoda's latest model will allow its German parent to take on low-cost competitors from Asian producers

The first time Skoda called a car Octavia, it was to celebrate the company's eighth model since its foundation. The latest Octavia, recently unveiled, may have an unoriginal name, but it is the first to reflect the influence of Volkswagen, Skoda's new German owner.

The Octavia is central to VW's strategy of turning Skoda into its budget brand. The car, to be priced from just DM22,950 ($15,200) in Germany next year, is VW's spearhead against low-cost Asian competition. The price is below that of comparable, but outdated, Korean vehicles, and undercuts anything similar from Japan. "We are offering European new technology at Asian prices," says Mr Detlef Wittig, Skoda's sales and marketing director.

Skoda and VW have high hopes for their new car. For Skoda, it should silence the taunts about "tackiness" and "unreliability". The Octavia is a fine car, as Europe's motoring magazines have unanimously reported in recent weeks.

Mr Wittig expects this month's start of Octavia production to lift Skoda's total output to a record 265,000 units in 1996 and 340,000 in 1997. Once the Octavia is lifted to its two-shift peak of about 90,000 units a year from 1998, output should reach 400,000 cars a year.

While most will be for established markets in the Czech Republic, Slovakia, Germany and the UK, VW has decided that Skoda should go further afield. Assembly of Felicias at VW's van plant in Poland should rise to about 25,000 units next year from 16,000 in 1996 thanks to a DM10m investment.

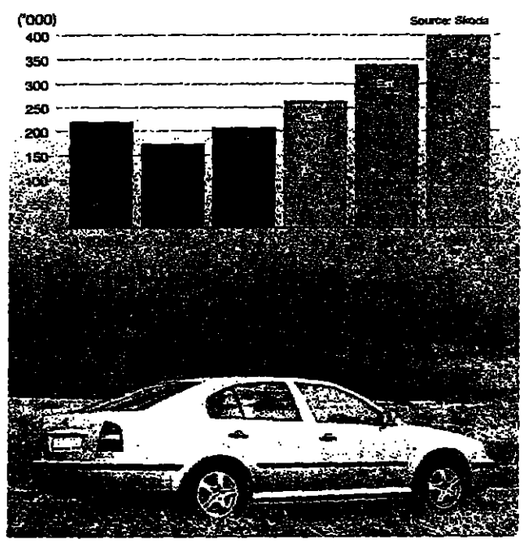
The number of satellite plants will accelerate once Felicia assembly begins under licence at Minsk in Belarus and Smolensk in Russia shortly. The two operations should each manufacture about 3,000 cars a year at full capacity.

Skoda also has plans to start assembly in India, Egypt and China. The Indian venture, with the local Eicher industrial group, could involve 60,000 Felicias and Octavias a year, according to Mr Wittig. China and Egypt are further in the future, but Skoda engineers have already investigated a plant in China's Hebei state. Mr Wittig says "discussions are under way" in both China and Egypt.

Experience suggests that the move from negotiation to actual assembly will be prolonged. VW spent months in talks with Eicher – eventually to no avail – before handing the baton to Skoda. "As we have the right cost structure, we stepped in," Mr Wittig says.

Skoda is no stranger to protracted negotiations, however. Production in Russia had been expected to start almost a year ago. However, Mr Volkhard Köhler, Skoda's finance director and formerly VW's troubleshooter for eastern Europe, says talks in Smolensk (and Minsk) took much longer than forecast. Logistics and local red tape were the main bugbears.

Gearing up production...



Although the primary focus is now on expanding sales in central and eastern Europe, Asia and the Middle East, Mr Wittig denies the group is taking its eye off western Europe. Germany – mainly the former communist East – is Skoda's second-biggest export market after Slovakia, followed by the UK. Mr Wittig estimates the Octavia will help Skoda raise its west European market share from 0.7 per cent today to 1-1.5 per cent.

While VW's strategy for integrating and expanding Skoda seems sound, there are two big risks. Both are linked to the German group's philosophy of drastically reducing the number of basic engineering structures (platforms) used by its four carmaking subsidiaries.

Sharing platforms between the VW, Audi, Seat and Skoda brands offers tremendous economies of scale, which should allow the group to slash vehicle development and tooling costs. But, while unquestionably advantageous to VW and Audi, the highest-cost producers within the group, platform-sharing may be a mixed blessing for Skoda.

About half the parts for the Octavia, which is based on the same platform as the new Audi A3 and future VW Golf, are German. That makes them considerably dearer than equivalent components from the Czech Republic, where motor industry wages are one-tenth those in Germany.

In time, more Octavia parts could be sourced locally. However, Czech suppliers would have to undertake group-wide contracts to make this possible, and few are in a position to do this.

A second risk of platform-sharing is that Skoda's improving image and quality may cannibalise sales of other VW brands. Customers may one day realise that the Octavia is basically the same car as a dearer Audi or VW.

If they vote with their wallets, it may be a compliment to Skoda, but will not necessarily benefit VW's overall finances.

Haig Simonian

(This announcement appears as a matter of record only)

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GROUPE PARIBAS

First-half 1996 results

Net income excluding minority interests: FRF 4 billion (USD 789 million).

Groupe Paribas earned net income including minority interests of FRF 5.498 billion (USD 1 billion) in the first half of 1996, versus FRF 1.556 billion (USD 304 million) for the same period in 1995. Net income excluding minority interests amounted to FRF 4.042 billion (USD 789 million), versus FRF 609 million (USD 119 million) one year earlier.

The first half of 1996 was marked by both an improvement in income from banking activities and by the realization of significant capital gains from the Paribas Affaires Industrielles (PAI) portfolio:

- pre-tax return from operations at Banque Paribas reached nearly 18% on an annual basis,
- unrealized capital gains from PAI's equity portfolio amounted to more than FRF 10 billion (USD 2 billion), despite the realization of FRF 3 billion (USD 586 million) in capital gains during the first half,
- Crédit du Nord demonstrated its profit-making ability,
- in addition, the program of non-core asset sales announced earlier this year has already met its target and, after the allocation of provisions in 1995, specific items* no longer have a negative impact on the group's results.

* *Compagnie de Navigation Mixte, refocusing of Crédit du Nord, strategic repositioning of Cogedim.*

Strong growth in the Banque Paribas contribution, to FRF 1.043 billion (USD 204 million)

Pre-tax return from operations amounts to 18%, due to:

- revenue growth from all of the core business lines, and a stable contribution from central asset and liability management,
- stable allocations to provisions, as risk management costs remained at around 0.4% of loans outstanding on an annual basis,
- efforts to limit overhead and administrative expense increases (these expenses rose just 0.8%, at comparable structures and excluding extraordinary items and variable compensations).

The contribution from Paribas Affaires Industrielles (PAI) increased significantly to FRF 2.644 billion (USD 516 million)

Capital gains amounted to FRF 2.958 billion (USD 578 million), versus FRF 358 million (USD 70 million) in the first half of 1995.

Following these transactions, unrealized capital gains from PAI's portfolio at 30 June 1996 amounted to over FRF 10 billion (USD 2 billion), versus FRF 8.8 billion (USD 1.7 billion) at 31 December 1995.

Compagnie Bancaire contributes FRF 145 million (USD 28 million) to net income

This contribution is down from one year earlier, since the first half of 1995 included an extraordinary capital gain of FRF 331 million (USD 65 million) from the sale of UCB Home Loans. Outside of this extraordinary item, the Compagnie Bancaire contribution is stable with last year and all of the group's main activities except real estate financing improved their performance (in comparison with half of the year 1995).

Crédit du Nord contributes FRF 110 million (USD 21.5 million) to group net income

With a contribution to group net income of FRF 110 million (USD 21.5 million), Credit du Nord confirmed the profit-making ability of its core business. Excluding non-recurring items, total revenue from operations increased 2.9%, while administrative and overhead expenses declined 1.5% and net income before provisions and tax increased 31%.

The « structure » generated a profit of FRF 100 million (USD 19.5 million), versus a loss of FRF 630 million (USD 123 million) in the first half of 1995

This line, which was negative in preceding years because it corresponds mainly to the debt of Compagnie Financiere de Paribas, recorded net income of FRF 100 million (USD 19.5 million) in the first half of 1996. This performance reflects mostly capital gains made on the sale of some equity holdings of Compagnie de Navigation Mixte (notably Compagnie Francaise de Sucrerie).

In addition, FRF 300 million (USD 59 million) in provisions were allocated at the Compagnie Financière de Paribas level to cover future technology costs linked to the single European currency.

Estimated net asset value and BIS ratio

The estimated net asset value of Groupe Paribas excluding minority interests totalled FRF 52.1 billion (USD 10 billion), a 1.8% increase from the 31 December 1995 level. Consolidated net worth remained stable at FRF 40.1 billion (USD 8 billion), as the cancellation of treasury shares (held by Compagnie de Navigation Mixte) from Groupe Paribas consolidated shareholders equity was offset by net income in the first half.

The BIS ratio for Tier 1 capital rose to 8.1%, from 7.9% at 31 December 1995.

The global BIS ratio amounted to 8.7% (versus 8.9% at 31 December 1995).

PARIBAS INVESTOR RELATIONS

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NOTICE IS HEREBY GIVEN that for the Interest Period 1st October, 1996 to 1st April, 1997, the interest rate will be 5.48047% per annum.

The Interest payable on 1st April, 1997 against Coupon No. 7 will be U.S. $138.53 per U.S. $5,000 Note and U.S. $2,770.60 per U.S. $100,000 Note.

Bank of Montreal
as Calculation Agent 1st October, 1996

BANQUE NATIONALE DE PARIS
Programme for the Issuance of Debt Instruments
GBP 50,000,000
Floating Rate Notes due 1997
Series 16 Tranche 1

Notice is hereby given that the rate of interest for the period from September 27th, 1996 to December 27th, 1996 has been fixed at 5.86281 per cent. per annum. The coupon amount due for this period is GBP 1,461.69 per denomination of GBP 100,000 and is payable on the interest payment date December 27th, 1996.

BNP The Fiscal Agent
Banque Nationale de Paris (Luxembourg) S.A.

Wakodo Company Limited
¥2,000,000,000
¾ per cent. Convertible Bonds due 1998
(the "Bonds")
"Revision of Conversion Price"

Notice is hereby given that pursuant to Condition 6(A)(E) of the Terms and Conditions of the Bonds set out in the Second Schedule to the Trust Deed dated 29th September, 1994 constituting the Bonds, the Conversion Price for the Bonds shall be revised downward as follows:

Conversion Price before revision: ¥6,773.90 per Share
Conversion Price after revision: ¥6,698.00 per Share
Effective date of the revision: 2nd October, 1996 (Japan time)

Wakodo Company Limited
14-3, Hanno-Sawaguchi 2-chome, Oyodo-ku, Tokyo, Japan

1st October, 1996

C.A. La Electricidad de Caracas, SAICA-SACA

U.S. $208,554,000
Floating Rate Bonds due 2003 Series A-1

U.S. $13,626,000
Floating Rate Bonds due 1997 Series A-2

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from September 30, 1996 to December 31, 1996 the Bonds will carry an Interest Rate of 5.4375% per annum. Interest calculations on each U.S. $7,000 nominal amount is U.S. $74.45. Interest payable on December 31, 1996 (adjusted in respect of the appropriate amounts representing partpaying) for each amount is as follows:

Series A-1 will amount to U.S. $74.45871 per U.S. $7,000 nominal amount of which U.S. $879.01 remains outstanding.

Series A-2 will amount to U.S. $2.74257 per U.S. $1,000 nominal amount of which U.S. $149.85 remains outstanding.

By: The Chase Manhattan Bank
Agent Bank
CHASE
October 1, 1996

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Acer chief urges PC-makers to narrow focus

By Alan Cane in Berlin

A personal computer manufacturer has to rank among the top five companies in its market segment in order to be profitable, and be in the top 10 if it wants to survive, according to the chairman of Taiwan's leading PC maker.

Mr Stan Shih, chief executive of Acer, said yesterday at Etre, an annual computer conference in Berlin, that sharp changes in market economics favoured segment leaders rather than PC companies which tried to compete across the board.

Mr Shih said that if a company aspired to global success, it had to be among the top five global manufacturers. If it was a niche producer, then it had to be one of the top five in that particular field.

Acer, which had sales of $5.8bn last year, is the only non-Japanese Asian company among the world's top 10 manufacturers and is among the top three in the US consumer PC market.

Mr Shih was explaining why so many PC manufacturers are having difficulty making money despite strong market growth. He said the greatest margins were being made by component suppliers, and by producers of processors or operating software, rather than by assemblers or distributors. Mr Shih's remarks are significant for groups such as Olivetti of Italy, which is seeking a partner for its troubled PC division.

Mr Shih said there was reluctance among new customers to buy general purpose PCs because they were too expensive and too complicated to use. He said that, by 2000, sales of personal computers would rise from 58m today to 300m a year, but 200m of these machines would be simple devices priced between $200 and $900 and dedicated to specific tasks such as education or Internet access.

The computer industry, however, is still divided over the future of the "network computer" – a simple to use, inexpensive and stripped down PC designed to make access to the Internet easy. The network computer was first proposed by Mr Larry Ellison, chairman of Oracle.

Stan Shih: markets make it difficult to compete across the board

Big manufacturers attending the conference demonstrated prototype network computers. Mr Roel Pieper newly appointed chief executive of Tandem, said the domestic PC and the mobile PC would have to be full-function machines, but PCs for business could be network computers, recalling an era when staff used dumb terminals connected to main frame computers.

Mr Marco Landi, chief operating officer of Apple Computer, rejected suggestions the company would go out of business or become a niche manufacturer. He said finances were secure and operating expenses were being cut by between $300m and $350m a year.

Mr Landi arrived at Apple only months after Mr Gilbert Amelio replaced Mr Michel Spindler as Apple chief executive this year. Mr Landi was critical of Apple's previous business practices. He had had to set up units to focus on areas such as small business, the home and education, and said a $12bn company should not be managed like a starter. For the first time Apple had "total accountability and clear measurability" in its operations.

Nithipat looks at takeover of Bangkok bank

By Ted Bardacke in Bangkok

Nithipat Capital, a Thai finance and securities company, is looking to buy a controlling stake in the troubled Bangkok Bank of Commerce, a medium-sized commercial bank taken over by the government last May.

Mr Bodi Chunnananda, finance minister, said the company had proposed taking a 40 per cent stake in the bank at a cost of $426m. Most of the stake would come from the Tantipipatpong family, which recently failed to reach an agreement with government authorities over what to do with the approximately $3bn in bad debt held by the bank.

Nithipat Capital had proposed that the government create a separate company to accept the entire debt burden, Mr Bodi said. The Tantipipatpongs wanted the government simply to write off the bad debts. The government owns approximately 70 per cent of the bank, following a recent $1bn capital injection.

The company also wants to change the conditions of a proposed debenture issue, which is expected to help the bank raise fresh capital under new management. A decision is expected within two weeks.

Nithipat Capital itself has lately suffered from declining profits and low provision levels. Analysts see its move on Bangkok Bank of Commerce as an attempt by the company's two main shareholders, Securities One, the broker, and Land & Houses, the property developer, to acquire a potentially lucrative commercial banking licence.

Securities One, which owns 24 per cent of Nithipat Capital, is controlled by Mr Pin Chakkaphak, who recently had his bid to merge with Thai Danu Bank rejected by the finance ministry.

Land & Houses, which controls 22 per cent of Nithipat, is part of Mr Pin's group of shareholders that hold a 24 per cent stake in Bank of Asia, where they have tried unsuccessfully several times to grasp management control.

Finance ministry officials said the solid reputation of these two companies would help restore some of the Bangkok Bank of Commerce's credit lines, which have been cancelled in the wake of the government takeover.

Japanese warned on ratings

By Gerard Baker in Tokyo

Japan's pension funds are increasing their emphasis on shareholder value, a trend that may have ratings implications for Japanese corporations, a report by Moody's Investors Service, the credit-rating agency, said yesterday.

Corporate pension funds have suffered dismal returns on their investments as a result of low interest rates in the past few years, and they have been forced to re-examine their investment criteria, the report said.

This trend has been compounded by sharp falls in asset prices, and an accelerating decline in the total number of employees contributing to pension schemes.

"These problems are forcing a larger number of corporations to take a closer look at their pension fund programmes," Moody's said. Life insurance companies and trust banks, the leading pension funds, are under greater pressure to explain their equity investment strategies.

Most pension funds have relied heavily on traditional relationship-based investments as the core of their equity portfolios.

Though the difficulties they face will not produce radical changes in this strategy overnight, Moody's said, the problems of the past few years have meant that fund managers' opaque business decisions have become harder to justify to their hard-pressed clients.

This change is expected to force companies to focus more on business objectives more familiar in the Anglo-Saxon corporate world, with growing emphasis on higher returns on equity in particular.

This, in turn, would force corporations to increase leverage or engage in share buy-backs, factors that could have negative implications for their credit standing, the report said.

Taiwan telecoms bids roll in

By Laura Tyson in Taipei

An estimated 15 Taiwanese consortia had joined with foreign partners to bid for eight mobile telephone operating licences by yesterday's deadline, in what will be the biggest privatisation of services in the country's telecommunications industry.

The ministry of transport and communications is expected to announce the winners at the end of the year. Some 40 Taiwanese business groups, along with an estimated 18 foreign telecoms concerns, are queueing for licences. Rivalry is intense among bidders, which include the Koo's group with US-based Sprint; Walsin Lihwa with Airtouch of the US; Formosa Plastics with Southwest Bell, also of the US; the Shin Kong group and Hongkong Telecom; Far Eastern group with the US's AT&T; and Pacific Electric Wire & Cable in partnership with Korea Telecom and McCaw of the US.

Many of the bidders have either set up or are establishing joint venture companies. Two of them say they are capitalised at T$6bn (US$218.3m). Foreign companies are restricted to a maximum 20 per cent stake in domestic telecoms ventures.

Many of the consortia are bidding for several licences, some of which will be for nationwide services, while others will be regional.

There is substantial pent-up demand for mobile telephone services in Taiwan. At the end of May 1996, there were 850,000 cellular phone subscribers, up 44 per cent from a year earlier, according to the central statistics office. Nearly 400,000 applicants for cellular services are awaiting lines.

The national legislature has passed laws paving the way for sweeping reforms to the telecoms industry.

Village and Packer in Sega tie-up

By Nikki Tait in Sydney

Village Nine Leisure, a joint venture between Australia's Village Roadshow cinema and entertainment group and Mr Kerry Packer's Publishing and Broadcasting, has signed an exclusive distribution agreement with Sega Enterprises of Japan to distribute video game products throughout Australia and New Zealand.

Distribution will be handled by a new joint venture, managed by VNL but jointly owned by the two companies. They said the deal represented a "shift in direction" for Sega, which had previously dealt with individual distributors in Australia.

The joint venture also comes on the heels of a court decision in Australia which affirmed the copyright content of video games.

Both companies said they saw the venture as a "strategic alliance", but stressed it would not affect their separate entertainment centre developments. Village and the Packer group formed VNL several years ago to build a series of large "Intencity" indoor entertainment developments, mainly in shopping centres, in Australia and overseas.

Sega, meanwhile, is due to open an interactive theme park at Darling Harbour, in central Sydney, next year.

ASIA-PACIFIC NEWS DIGEST

Japanese banks waive Y1,700bn

A total of 13 Japanese banks said they had waived a combined Y1,700bn ($15.3bn) of outstanding claims for housing finance loan companies in the first half to September. The banks said the move would not affect their earnings forecast for the year to March 1997, as they had already booked sufficient provisions for bad debt write-offs.

Sakura Bank waived the largest amount, Y280bn, followed by Sanwa Bank, which waived Y243bn in claims, the banks said. Mitsui Trust was ranked third, waiving Y223bn. *AFX-Asia, Tokyo*

Investor reveals Astra stake

Mr Putra Sampoerna, the tobacco entrepreneur, has disclosed he owns 9.81 per cent of shares in Indonesia's Astra International, following heavy trading in the car-to-plantations conglomerate's stock last week. In a letter to Bapepam, Indonesia's capital markets supervisory board, Mr Sampoerna said he bought the shares because of the company's "attractive and well diversified business plans". Bapepam requires disclosure of holdings of more than 5 per cent.

The statement has not tempered talk, however, that Mr Sampoerna may be acting as a front-man for the entry of other politically powerful shareholders. His letter said that, as he was now a shareholder "with a sizeable investment, we expect to make a contribution to the growth and development of Astra". He did not give further details.

Mr Sampoerna bought part of his stake in Astra from Mr Henri Pribadi, who until recently held 3.26 per cent through the holdings of Number 6 Enterprises Ltd. Other details of the composition of Astra's principal shareholders are expected to emerge when Astra files its share registry to Bapepam. The company's foreign shares yesterday closed unchanged at Rp4,550. *Manuela Saragosa, Jakarta*

Volvo sets Asia targets

Volvo Car Asia Pacific is aiming for annual car sales in Asia, excluding Japan, of 50,000 units, more than double the 20,000 it now sells in the region. Mr Jan-Olof Nilsson, president of Volvo Car Asia, said Mitsubishi Motors was a prospective partner in the region, as the two companies were already linked through their joint investment in the Netherlands NedCar project.

As part of its Asian strategy, Volvo has recently set up an Asia-Pacific headquarters in Singapore. The company has been running assembly lines in Malaysia since 1967, and in Thailand since 1976. Volvo will focus on the development of specific products for the region. The company expects 70 per cent of its Asia volume to come from markets in Thailand, Taiwan, Australia and Korea, with Malaysia running a distant fifth. *AFX-Asia, Singapore*

Three-way split for Tenaga

Tenaga Nasional, Malaysia's semi-privatised power utility, is to divide its operations into three main divisions as part of a restructuring. Mr Leo Moggie, minister for energy, telecommunications and posts, said the company's generation, transmission and distribution operations would be handled by separate units. However, the units would remain part of Tenaga's corporate structure and would not operate as separate companies.

Mr Moggie's remarks were the first indication of the government's plans for Tenaga since a peninsula-wide blackout on August 3 prompted Dr Mahathir Mohamad, the prime minister, to call for an independent study on ways to avoid future power cuts.

Some government officials have suggested that breaking Tenaga's transmission and distribution monopolies might be advantageous, but no decision on this has been made public. *James Kynge, Kuala Lumpur*

Dentsu opens Seoul office

Dentsu, Japan's biggest advertising agency, is to open a new business sales office in Seoul. The company said total advertising expenditure in South Korea in 1995 was $6bn, the largest in the Asian region after Japan. *Reuter, Tokyo*

CANAL+

INTERIM 1996
NET INCOME UP 16.6%

■ *CANAL+, Europe's leading pay-television group, said that its Board of Directors had closed the consolidated accounts for the first six months of 1996. Consolidated revenues rose by 8.3% over the period, while interim net income increased by 16.6% to FF 386 million. Highlights of the accounts were as follows:*

(FRF millions)	1st half 1996	1st half 1995	1996/1995
Revenues	5,438	5,022	+ 8.3 %
Operating income	855	725	+ 17.9 %
Net financial income	62	61	+ 1.6 %
Income from continuing operations, after tax	582	490	+ 18.8 %
Equity in results of associated companies	(163)	(90)	+ 81.1 %
Exceptional items, after tax	(31)	(81)	- 61.7 %
Net income after minority interests	**386**	**331**	**+ 16.6 %**

■ *Consolidated revenues increased by a very satisfactory 8.3% in the first half of 1996, led by the good marketing performance of CANAL+ and the succes of CANALSATELLITE in France. The April launch of the digital service only intensified the growth in CANALSATELLITE's subscriber portfolio, whose recruitments from May to August surged 85% from the same period in 1995. By the end of the period, the number of new subscribers for exceeded initial forecasts.*

■ *Pursuing trends observed at the end of 1995, the French channel is in excellent financial health, with operating margin showing a significant gain to 26.1% from 21.2% the year before. The improvement reflects efficient management of the channel's main operating expenses, particularly overheads and subscriber management costs, whose growth was once again less than that of revenues. In addition, the refocusing of the Group's production activities on France and the rest of Europe had a positive impact and led to a substantial improvement in Le Studio CANAL+'s results.*

■ *The increase in operating income offset the decline in income from associated companies, which primarily resulted from the consolidation of CANAL+ Poland over the full six months and the recording of non-recurrent items in CGV's results.*

■ *After an exceptional charge of FF 31 million related to provisions for contingencies on certain investments, net income after minority interests amounted to FF 386 million for the period, an increase of 16.6%.*

■ *The Group's financial position remains very healthy. Consolidated cash flow of FF 1,445 million amply contributed to financing on-going operations, as well as the buy-back of minority interests in Le Studio CANAL+ and the acquisition of the Carolco catalogue. As of June 30, the Group's cash position, net of borrowings, amounted to FF 1.9 billion, while shareholders' equity stood at nearly FF 8 billion.*

■ *The parent Company's sound commercial and financial health, the improving contribution from the foreign channels and the turnaround in Le Studio CANAL+'s position should all continue in the second half. On the other hand, expenses related to the April launch of digital services will have an impact on the entire six months of the second half, compared with just two months in the first. Based on these factors and the seasonal nature of the business, the CANAL+ Group expects to report full-year net income at least equal to the 1995 level.*

Halifax Building Society
(Incorporated in England under the Building Societies Act 1986)
Issue of up to an aggregate of
£200,000,000
Subordinated Variable Rate Notes with a maturity of 12 years
(formerly Subordinated Variable Rate Notes issued by Leeds Permanent Building Society)
Notice is hereby given that for the three months Interest period from September 27, 1996 to December 27, 1996 (91 days) the Subordinated Notes will carry an interest rate of 6.4%. The interest payable on December 27, 1996 for the Subordinated Notes will be £159.13.
By: The Chase Manhattan Bank London, Principal Paying Agent
CHASE
October 1, 1996

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $500,000,000
Subordinated Floating Rate Guaranteed Notes 2000
In accordance with the terms and conditions of the Notes, notice is hereby given that the interest rate for the Interest Period from 30th September, 1996 to 31st December, 1996 is 5.9625% per annum. The Coupon Amount payable on the 31st December, 1996 in respect of each of U.S. $10,000 in principal amount of each Note is U.S. $152.38.
Bankers Trust Company, London — Agent Bank

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The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
(Incorporated in the Republic of South Africa)
Registration Number: 01/00251/06
ANNUAL GENERAL MEETING
The annual general meeting of the members of The Randfontein Estates Gold Mining Company, Witwatersrand, Limited will be held in the Boardroom, 121 Consolidated Building, Fox and Harrison Streets, Johannesburg on Friday, 25th October 1996 at 10h50. Holders of share warrants to bearer may obtain copies of the annual report from the London Secretaries, JCI (London) Limited, 6 St James's Place, London SW1A 1NP.
JCI (London) Limited
London Secretaries
30th September 1996

BANQUE NATIONALE DE PARIS
Programme for the Issuance of Debt Instruments
GBP 50,000,000
Floating Rate Notes due 1997
Series 16 Tranche 1
Notice is hereby given that the rate of interest for the period from September 27th, 1996 to December 27th, 1996 has been fixed at 5.86281 per cent. per annum. The coupon amount due for this period is GBP 1,461.69 per denomination of GBP 100,000 and is payable on the interest payment date December 27th, 1996.
BNP The Fiscal Agent Banque Nationale de Paris (Luxembourg) S.A.

USD 150,000,000
SOLVAY FINANCE (Bermuda) LTD
Floating Rate Notes due 1998
Series 2 USD 30,000,000
Interest Rate 6.25%
Interest Period September 30, 1996 March 31, 1997
Interest Amount due on March 31, 1997 per USD 500,000 USD 15,798.61
BANQUE GÉNÉRALE DU LUXEMBOURG
Agent Bank

RPS
Residential Property Securities No.4 PLC
£150,000,000 Class A2 Notes
£5,000,000 Class B Notes
Mortgage Backed Floating Rate Notes due 2025
In accordance with the provisions of the Notes, notice is hereby given that for the three month period 27th September 1996 to 27th December 1996, the Class A2 Notes and Class B Notes will carry an interest rate of 6.16531% and 7.19531% per annum respectively. The interest payable per £100,000 Note will be £1,395.19 for the Class A2 Notes and £1,788.99 for the Class B Notes.
NatWest Markets

هكذا من الأصل

Amoco sees $10bn chemicals sales

by James Kynge in Kuala Lumpur

Amoco, the US oil and petrochemicals company, predicts that its chemicals division will achieve worldwide sales of $10bn by 2000, compared with $5.6bn in 1995. Total group sales in 1995 were $31bn.

Mr Enrique Sosa, Amoco executive vice-president, said yesterday that much of the predicted expansion in sales was expected to come from Asia, where he saw demand for purified terephthalic acid (PTA) growing at 8 per cent or 9 per cent annually.

Amoco is the world's largest producer of PTA, which is used in making polyester fabric, cassette tapes, microfilm and many types of plastic containers.

Mr Sosa said that while the company had delayed or scrapped projects elsewhere because of fears of global oversupply, it had no plans to do so in Asia.

Mr Sosa was in Malaysia to open the company's 500,000 tonnes-a-year PTA plant in the east coast state of Kuantan.

The plant, which is currently running at 75 per cent of capacity and cost M$1.2bn (US$480m) to build, is Amoco's largest wholly-owned plant in Asia. It began production in June and aims to sell 80 per cent of its output in Malaysia.

In addition, a 350,000 tonnes-a-year paraxylene plant in Singapore, in which Amoco holds a 45 per cent stake, will be finished by the end of the year. Paraxylene is the feedstock for PTA.

In the first half of 1997, a joint venture between Amoco and Mitsui, of Japan, will complete a 350,000 tonnes-a-year unit in Merak in Indonesia. A 250,000 tonnes-a-year PTA plant in Zhuhai, southern China - 80 per cent owned by Amoco - should come on stream in 1999.

The expansion in Asia contrasts with the delayed construction of a new paraxylene plant in Alabama, and the cancellation of a joint-venture paraxylene project with Total in France.

Mr Sosa was confident, however, that prices and margins for PTA and paraxylene would rebound by the last quarter of this year. The degree of future oversupply in Asia depended largely on whether or not South Korean companies pushed ahead with planned expansions of capacity, he said.

"The fundamentals for PTA in Asia are very sound," Mr Sosa said. "We're very bullish on Asia's growth opportunities and confident that our position is unique in the key markets."

Fox News advances under volley of words

News Corporation wants top slot in the US news television ratings for its round-the-clock Fox News Channel, and it is not prepared to wait.

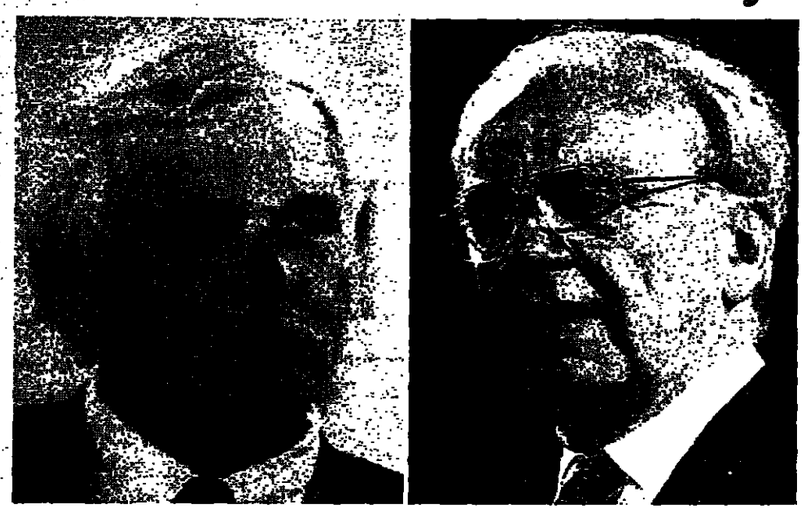
Any lingering doubts about the ambitions of Mr Rupert Murdoch, News Corp chairman, were dispelled in two exchanges last week.

First came word of generous agreements with two leading cable providers which will take Fox News into 2.5m homes over the next three years, starting next week when the channel goes live.

Next came words from Mr Ted Turner, founder of Cable News Network, undisputed champion of the non-stop news business, who likened Mr Murdoch to Adolf Hitler and accused him of using his existing US media holdings as propaganda tools in a war on his rivals.

Fruity exchanges are nothing new between Mr Murdoch and Mr Turner, whose TBS media and entertainment group, together with its CNN business, is soon to be absorbed by Time Warner. Mr Murdoch has long envied and publicly coveted CNN's influential position – even though he has described its stance as disturbingly "liberal".

The tension climbed again last week after Mr Murdoch pledged vengeance against Time Warner when it committed half its network of cable stations to carrying MSNBC, the recently-launched 24-hour news joint venture between General Electric's NBC and the Microsoft software group.



Reuter/Tony Andrews

Rather than getting mad with Ted Turner (left), Rupert Murdoch plans to get even

News Corp claimed it had a deal all but signed for Time Warner to pipe Fox News into 9m households. Instead, Time opted to fulfil a commitment to federal antitrust regulators that it would offer viewers an alternative to CNN, through a deal to supply MSNBC to 5m-plus subscribers.

Time Warner's decision probably means the sacrifice of a substantial signing fee from News Corp, which has been paying record sums to programme distributors prepared to take Fox News.

Last week's deals with Continental Cable and Comcast – the third and fourth-ranking cable groups, with almost 8m subscribers between them – were "bought" at a cost of about $10 for each subscriber, plus $50m from News Corp for a third share in its new partners' Golf Channel.

Fox News will enter the fray with about 12m viewers on tap. Although this is a record for a start-up cable channel, it leaves News Corp short of its break-even target of 20m homes, and well behind CNN's 68m connections and the 23m boasted by MSNBC, which replaced an existing NBC service, America's Talking. Fox should have almost 15m by 1999.

Further distribution channels should open up in the interim, including smaller cable groups and News Corp's own satellite TV service, due to start late next year.

By raising the financial stakes, Mr Murdoch has already succeeded in driving Walt Disney out of the round-the-clock news business. Plans for its ABC network to join the race were scrapped earlier this year when the group reviewed the challenges offered by the $750m NBC/Microsoft investment plan, News Corp's subscriber premiums – and the unproven demand for news, news and more news.

Even traditional current affairs programmes have lost ground, losing almost 10 per cent of their audiences in 1995 alone. Despite CNN's international renown, its prime-time viewing numbers are tiny compared with entertainment programmes, and rarely exceed 1m.

While it is believed to contribute steadily to Mr Turner's bottom line, CNN has been overtaken in the rankings by other niche-market newcomers such as Lifetime, a channel aimed at women, and Discovery, for natural history fans.

Last week, threatening litigation and a possible boycott of Time Warner programming by his Fox broadcast network, Mr Murdoch met Mr Turner's latest outburst with the observation that rather than getting angry, he would concentrate on getting even.

Despite the bluster, a return to the negotiating table and a showing for Fox News on parts of the Time Warner system not yet reached by MSNBC seems the most likely near-term outcome. Mr Turner's declared ambition of squashing Mr Murdoch "like a bug" will then look even more unattainable.

Christopher Parkes

Rockwell, Lockheed in six-year shuttle deal

By Richard Tomkins in New York

Rockwell and Lockheed Martin, the US defence contractors, yesterday signed a $7bn contract to take over the management of the US government's space shuttle programme for the next six years.

United Space Alliance, a joint venture owned equally by the two companies, will take over almost every aspect of the space shuttle programme from the National Aeronautics and Space Administration, although astronauts will remain in government service.

The contract amounts to a privatisation of the US government's manned space flight operations.

Mr Glynn Lunney, United Space Alliance vice-president and programme manager, said: "We are honoured that Nasa has granted us this role, and we are also fully aware of the many tasks and challenges ahead."

The move is part of an effort by the federal government to cut the programme's heavy cost without compromising safety.

Nasa believes the consolidation of 85 space shuttle contracts under a single prime contractor will enable United Space Alliance to cut about 7,500 jobs from the combined public and private sector workforce of 24,500 employed on the programme, bringing savings of hundreds of millions of dollars a year.

Rockwell and Lockheed Martin already have more than two-thirds of existing contracts for the shuttle operation, so the new contract is not entirely new business. No other companies were invited to compete.

Rockwell's share in the venture will pass to Boeing on completion of Boeing's $3.2bn takeover of Rockwell's aerospace and defence business, announced last month.

AMERICAS NEWS DIGEST

Boise Cascade sells coated paper arm

Boise Cascade, the Idaho-based paper company, yesterday sold its coated paper business to Mead, an Ohio paper and packaging company, for about $650m in cash. The deal involves the sale of a coated-paper mill in Maine, with 667,000 acres of supporting woodland. Mead already has coated-paper mills in Michigan and Ohio, and said the acquisition would give it extra flexibility and fit its strategy of concentrating on coated paper for magazines, annual reports and advertising brochures.

The purchase will be funded with extra debt, which will take Mead's debt to capital ratio to approximately 38 per cent. Both companies said the deal would improve their earnings next year, and both registered share price gains on the news. Boise will use the funds to accelerate improvement of its remaining paper business, which includes significant investments in uncoated paper. In early trading yesterday, Boise shares rose $1¼ to $33⅝, while Mead added $⅞ to $59¼. *John Authers, New York*

Owens Corning in S Africa buy

Owens Corning, the Ohio-based glass and building materials group, has agreed to buy 51 per cent of Acoustical Fibreglass Insulation, the largest South African manufacturer of glass fibre reinforcements, glass fibre and rock wool insulations. The company will be renamed Owens Corning South Africa.

Financial Staff, London

ADM resolves suits for $65m

Archer Daniels Midland, the US grain processor, has settled two more price-fixing complaints, bringing to $90m its total paid this year to resolve civil lawsuits stemming from a government investigation of its pricing and marketing practices. The company agreed to pay $35m to customers of its citric acid products who filed a class-action antitrust suit in Federal court in San Francisco. It also said it would pay $30m to shareholders who sued the company, saying profits from price-fixing artificially supported ADM's share price.

Earlier this year, ADM and its competitors in the lysine feed additive business agreed to pay $45m to settle civil lawsuits brought by customers charging price-fixing. ADM's portion of that payment was $25m. In each case the company agreed to pay damages without admitting any violations of law. *Laurie Morse, Chicago*

Pharmacia settles with Biogen

Pharmacia & Upjohn, the Swedish-US drugs company, is to pay $30m, plus a percentage of sales of the company's human growth hormone Genotropin, to Biogen, the US biotechnology company, in settlement of a patent dispute. The dispute concerned a protein secretion technology licensed to Biogen by Harvard University in Massachusetts. Under the agreement, that technology is licensed to Pharmacia & Upjohn. As a result of the agreement, the two companies have settled their litigation over the technology in Japan, the US and Sweden.

Daniel Green, London

Canadian gold merger shelved

Dayton Mining and Pegasus Gold, two medium-sized Canadian gold producers, have dropped their planned US$390m share-exchange merger because they could not agree final terms. *Robert Gibbens, Montreal*

1996 First Half Results

Orders
in FF billions
23.3 | 28.4 | 39.3
1st half 96 | 1st half 95 | 1995

Net income
in FF millions
273 | 195 | -981
1st half 96 | 1st half 95 | 1995

Net debt
in FF billions
3.6 | 8.4 | 8.5
1st half 96 | 1st half 95 | 1995

Information and Communications
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http://www.aerospatiale.fr

Aerospatiale : return to profit faster than expected

A SIGNIFICANT INCREASE IN ORDERS
Aerospatiale recorded a significant rise in orders booked, to a total of FF 23.3 billion at June 30, 1996, compared with FF 20.4 billion for the year-earlier period and FF 39.3 billion for all of 1995 (with a constant dollar). Our recovery accelerated after the half-year period, with Aerospatiale booking orders worth FF 38.5 billion as of August 31, 1996. This includes FF 23.3 billion for Aircraft, FF 1.9 billion for Missiles, FF 4.8 billion for Space and Defense, and FF 8.5 billion for Helicopters. Based on these results, Aerospatiale expects to post a significantly higher total of orders than sales in 1996. Aerospatiale's sales for the first half of 1996, however, decreased to FF 23.11 billion, compared with FF 24.63 billion in the first half of 1995. On a comparable-structure basis, with a constant dollar, this represented a decrease of 8.9%. However, this difference is not considered significant, because two-thirds of Airbus deliveries in 1995 (79 out of a total of 124) were recorded in the first half, while only 62 Airbus aircraft were delivered in the first half of 1996, out of an expected total of 126 for the year. Aerospatiale's sales for 1996 should be comparable to the 1995 figure of FF 49.23 billion.

A STRONG RISE IN NET INCOME
The Group posted net income of FF 273 million in the first half of the year, versus a loss of FF 105 million in the year-earlier period, and a loss of FF 981 million for 1995. These results reflect the initial positive impact of the restructuring plan, which began to be implemented in 1996, and should produce its full effect by late 1998. In addition, these results reflect the impact of the company's massive reduction in debt load, as well as its hedging policy, which enabled it to obtain a dollar exchange rate significantly higher than the market rate.

THE CONTINUED REDUCTION IN DEBT LOAD
Net debt was once again reduced, with a further improvement in working capital requirements reducing debt by FF 2.9 billion compared with December 31, 1995. At June 30, 1996, net debt stood at FF 3.6 billion, or 83% of consolidated equity, which equaled FF 4.4 billion.

OUTLOOK
Results for 1996 will depend, as in past years, on the average dollar hedging rate. Based on the figures for the first half of the year, the overall restructuring plan (cost reduction measures, reorganization, company-wide focus on marketing) is producing results as expected, thanks to the commitment and motivation of all personnel. With the U.S. dollar remaining at the first-half rate, full-year results should be in line with those recorded at June 30.

AEROSPATIALE

CPH & COMPAGNIE

Lafarge: interim 1996 financial results and full-year outlook

Consolidated sales for the six months to June 30, amount to FRF 15.9 billion (–0,4% compared with the same period of last year).

LOWER FIRST-HALF EARNINGS

Operating income before exceptional items, interest and tax contracted by 26% in the first six months, to FRF 1,228 million from FRF 1,660 million the year before.
The decline was primarily the result of two factors:
• Sustained weakness in the European economy, particularly in the first quarter as the downturn observed at year-end 1995 continued into the new year. This had an adverse impact on the new construction, renovation and public-works markets;
• An exceptionally harsh winter.
Net income after minority interests declined by 53% to FRF 545 million, due both to the lower operating income before exceptional items, interest and tax, and to the near absence of exceptional income for the period. This income amounted to just FRF 47 million in first-half 1996, as opposed to FRF 429 million a year earlier. Earnings per share came to FRF 6.1.
Working capital provided by operations was down 23% to FRF 1,761 million.
Given the seasonal nature of most of Lafarge's operations, these interim results are not a meaningful indication of full-year performance.

CONTINUED EXPANSION

In recent months, a large number of growth developments have been announced in all Group businesses, notably in Europe (in the United Kingdom, Italy, Germany, Poland and Russia), North America (in the gypsum sector in the United States), South America (Brazil) and Asia (in the gypsum segment in China). In all, some FRF 2 billion in consolidated investments were committed in the first half of 1996.
As of June 30, stockholders' equity came to FRF 31,572 million, compared with FRF 30,794 million at the end of last year. Net debt was FRF 4,369 million, against FRF 2,938 million at December 31, 1995.

A BETTER SECOND HALF

Commenting on the interim results, Lafarge Chairman Bertrand Collomb noted that *"the first quarter was especially difficult, with an extremely rough winter that sharply reduced sales volumes. In the second quarter, we encountered contrasting conditions depending on the market: depressed in France, where the construction industry had its worst year in a long time, mediocre in western Europe, but good in the United States and excellent in certain emerging markets."*
"It was the unusual convergence of these factors and the absence of exceptional income that explains the decline in our interim earnings", emphasized Mr Collomb, adding that, *"today we are seeing encouraging signs of a rebound in some of our markets. The second half should therefore be better. Our objective is to achieve full-year operating income before exceptional items, interest and tax equivalent to that recorded in 1995."*
"At the same time", concluded Lafarge's Chairman, *"we are continuing to expand, in order to broaden and strengthen our market positions. Our investments in this area will reach FRF 7 to 8 billion."*

Active in over 40 countries, Lafarge holds leading positions in each of its core businesses: cement, concrete and aggregates, gypsum, and specialty products. With its products and its expertise developed around the world, Lafarge helps to improve the quality of life by enhancing comfort, safety and esthetic appeal.

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Subordinated Guaranteed Floating Rate Notes Due 2002

For the Interest Period 30th September, 1996 to 27th March, 1997 the Notes will carry an Interest Rate of 5.625% per annum, the Coupon Amount payable per U.S. $1,000 Note will be U.S. $27.81, and for the U.S. $10,000 Note, U.S. $278.15, and for the U.S. $100,000 Note, U.S. $2,781.25, payable on 27th March, 1997.

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Sometimes, Being #3 Isn't So Bad.

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TransTexas Gas Corp. became the #3 natural gas producer in Texas by *increasing gross production 25% since August 1* to 672 million cubic feet/day.

Production of the Company's new development areas, including the Bob West North field and third-party-operated wells, has *increased six-fold* to 290 million cubic feet/day *since January 1 of this year.*

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LucasVarity acquires Boeing's cargo arm

By Tim Burt

LucasVarity, the Anglo-US components group, is today expected to announce the first deal since its £3.2bn ($5bn) merger by acquiring the cargo systems arm of Boeing, the US aircraft manufacturer.

The acquisition – for an undisclosed sum – follows talks between Boeing and Lucas Industries, the UK automotive and aerospace equipment company which merged with North America's Varity Corporation last month.

Directors of the enlarged company are understood to have approved the deal at their first board meeting last week. It is expected to make Lucas Aerospace one of the world's largest manufacturers of cargo systems for civil aircraft.

Boeing yesterday said the move was part of a process that will see the proportion of its outsourced components rising from 48 to 52 per cent of the total in the next few years.

While the acquisition should give LucasVarity a commanding presence in "lower deck" cargo systems, it should also establish an important presence in "middle deck" systems – a growing market as elderly passenger aircraft are converted to cargo use.

In addition to supplying Boeing, the deal will give it exclusive rights to supply carriers with cargo spares for Boeing's 747, 767 and 777 aircraft.

Company officials believe the deal signals a continuing commitment to aerospace, previously touted as a possible disposal.

Under the deal, Boeing Georgia – the cargo handling division of Boeing – will be integrated into Lucas Aerospace Cargo Systems.

LucasVarity's shares yesterday rose 13½p to 255p.

Rank sells Precision

By Scheherazade Daneshkhu

Rank Organisation yesterday sold its Precision Industries business to Schroder Ventures for £72m ($112m).

It is the first deal in the leisure group's £300m disposal programme, which follows a review carried out by Mr Andrew Teare, chief executive since April.

The venture capital purchaser is affiliated to the investment bank handling the disposals.

Schroder Ventures is paying £63m in cash and £9m in loan notes. The business made pre-tax profits of £2.5m on turnover of £114m in 1995.

Precision Industries makes measuring equipment and entertainment lighting systems. Rank is retaining the digital projection business, but is expected to dispose of it later.

Other businesses for sale are Shearings, a coach holiday business; Rank Amusements, a high street amusement machines business; and Kingston Plantation, a timeshare resort in South Carolina, US.

These should raise about £200m.

The second round of bidding for Shearings, expected to realise about £80m, takes place this week.

Other disposal candidates include Pinewood Studios and Rank Film Distributors, expected to raise £100m.

Merger hurts EFM

By Roger Taylor

Edinburgh Fund Managers yesterday said that restructuring costs associated with its merger with Dunedin Fund Managers, which it bought in March for over £77m ($115.5m), had cost £5.4m. Staff had been reduced from 271 to 193 and there had been the closure of Dunedin's offices in Edinburgh and Chicago.

Pre-tax profits for the six months to July 31 to drop 47 per cent to £3.4m. Excluding exceptionals and proceeds from disposals, profits rose 61 per cent to £8m.

Mr Iain Watt, EFM's chief executive, said the deal had given the company "critical mass" and taken it almost "into the first division" of fund managers. It now has £8bn under management.

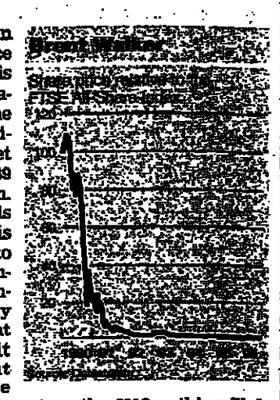
He attempted to quash doubts about EFM's future by confirming that the British Coal pension fund, one of its largest clients, and indirectly, its largest shareholder, had no plans to change its relationship. In July Goldman Sachs bought CIN Management, which manages most of the British Coal pension fund.

Lydia van der Meer

Iain Watt: deal gave company 'critical mass'

LEX COMMENT

Brent Walker



The 40 per cent rise in Brent Walker's share price yesterday was quaint. It is good news that an arbitrator has decided that the price the debt-laden leisure group paid GrandMet for William Hill in 1989 should be cut by £118m. The snag is that there is little chance of any of this money finding its way to shareholders. It is not simply that GrandMet is planning to pay over only £36m, on the grounds that Brent Walker owes it £82m. Even if Brent Walker can persuade GrandMet to cough up interest on the £118m, this will do nothing for shareholders. Before they get a penny, the £1.5bn owed to Brent Walker's banks and the £650m in preference shares have to be dealt with.

Even if one is optimistic, Brent Walker's businesses are not worth anything like £2.1bn. William Hill itself could fetch £700m at a stretch; PubMaster and other odds and ends might be worth a maximum of £200m. Add in £100m from GrandMet, if Brent Walker is lucky, and that gives a grand total of £1bn. That is not nearly enough to pay off the banks, let alone the preference shareholders.

So why do the ordinary shareholders live in hope? Presumably because one possible end-game is that the banks will refinance Brent Walker again by swapping debt for equity. Given that the shareholders would have a vote on that, the banks might just be prepared to leave them some crumbs. And with the market value of ordinary shares only £13m, that is certainly all they have.

Arbitrator rules for Brent Walker

By David Blackwell

Brent Walker paid £117.5m ($183.3m) too much for William Hill when it bought the betting shop chain from Grand Metropolitan for £685m in 1989, an independent arbitrator ruled yesterday.

GrandMet responded by knocking off the £50m deferred consideration, plus about £30m of interest, which Brent Walker refused to pay six years ago. That left about £36m to be paid to Brent Walker, which will be provided for in the 1995-96 accounts as an exceptional.

Mr John Leach, Brent Walker's chief executive, said the board would meet tomorrow to discuss how to proceed, adding: "It is always better to win than lose."

Both sides still have claims against the other arising from the contentious acquisition. But GrandMet said both parties should now be able to resolve any outstanding matters "without further resort to the courts".

Shares in Brent Walker, whose main asset is William Hill, rose 1p to 3p yesterday, while shares in GrandMet shed 2p to 473½p.

The arbitration decision is unlikely to have much effect on the balance sheets of either group, however. Brent Walker is struggling with a £1.5bn debt mountain and has negative net worth of more than £1bn, while GrandMet is easily able to cover the interest on its £2.8bn of debt from cash flow. check

Brent Walker's claim, initiated in 1990, related to the level of profits at William Hill, which it said had fallen well short of the £55m warranted by GrandMet for the year to September 1989.

The arbitrator – Mr Ray Hinton of accountancy group Arthur Andersen – ruled that the profits should have been stated at £45.83m.

Daewoo may pay premium for Lotus

By John Griffiths

Daewoo, the Korean industrial group, is poised to pay a substantial premium to acquire Group Lotus, the UK sports car and engineering concern.

Daewoo urgently needs to double its motor vehicle engineering staff to 8,000. It has been determined to outbid other potential investors in the financially pressed UK concern to gain access to the 1,000-strong engineering staff at Lotus, considered among the world's most talented.

Daewoo is keen to expand its design and engineering capabilities to rush into production the much wider vehicle range needed to meet its ambitious target of joining the world's top 10 car makers.

Under the terms of the deal, which could be signed by the end of the week, Daewoo is expected to pay some $75m to Mr Romano Artioli, the Italian entrepreneur and current owner of Lotus.

This is well in excess of the amount which other potential investors, including the Ricardo and Mayflower engineering consultancy groups, have been prepared to offer.

However, there was general uncertainty yesterday as to whether Mr Artioli would submit to, what would be for him, the humiliation of selling Lotus.

An Italian company which, he claimed, intended to buy the name and assets of his Bugatti companies in Italy and Luxembourg – both in receivership – has not materialised, leaving him still facing creditor claims understood to total more than $100m. Without the rescuer, Mr Artioli could be regarded as having no choice but to sell Lotus.

British Gas cool on Hydro

Robert Corzine analyses reasons behind the sudden ending of detailed talks

British Gas yesterday downplayed the significance of the abortive attempt by Scottish Hydro to buy its domestic gas supply business in Scotland and parts of northern England.

The company said the sudden decision on Sunday to end months of detailed negotiations on the transfer of the domestic monopoly in Scotland, Cumbria and Northumberland was a "joint one". It blamed "commercial hurdles" and the absence of "firm regulatory advice" as factors which had caused the talks to collapse.

The company stressed that Scottish Hydro initiated the discussions, which a British Gas executive described as "sensible but which did not reach agreement".

British Gas was committed to the national gas market, and was not "actively seeking" to divest any other parts of its domestic supply monopoly, due to end in 1998 when full competition is introduced. But it would still consider any proposals.

Some industry analysts yesterday asked whether the failed talks indicated dissension within the company over how it should position itself to deal with the planned lifting of its domestic monopoly in 1998.

An executive said there was "total accord" among the management team at British Gas Energy to terminate the talks "for a variety of reasons." These included the time-consuming restructuring and the need to focus management attention on the troublesome introduction of a new national computer billing system.

But in the City there was disappointment that a sale could not be agreed, as it would have provided a benchmark against which analysts could value the company, due to be demerged next year from TransCo, the pipeline monopoly.

Analysts said a sale of the Scottish domestic business for a reported £250m would have forced many brokers to increase valuations for BGE.

Other analysts were concerned over whether Mr Roy Gardner, the head of BGE, which includes domestic supply and gas trading, would be able to follow the "creative and innovative" strategy that senior executives have said is needed to ensure its survival in a competitive market.

There was evidence of that strategy last month when BGE diversified into financial services with the introduction of the Goldfish credit card.

There have been rumours in the gas industry in recent months that Mr Gardner has run into resistance in implementing some of his reorganisation ideas.

There have also been suggestions that he may have been thwarted in gaining approval from the British Gas board for some proposed solutions to the group's dispute with North Sea producers over £40bn of take or pay contracts. These lock it into paying relatively high prices for gas it no longer needs. The contracts have been assigned to a BGE subsidiary, and Mr Gardner has been given the task of overseeing negotiations with producers.

One explanation for why the talks failed is that British Gas may simply be fighting on too many regulatory and commercial fronts to give sufficient management time to forge such a groundbreaking deal.

It has a number of demanding decisions to take soon. By next Monday it must decide whether to accept tough gas transportation price control proposals from Ofgas, the industry regulator, or ask for a referral of the matter to the Monopolies and Mergers Commission. A separate set of price control proposals for domestic gas supply is expected to be published by the regulator on Friday. The company is also in the midst of organising its demerger.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
CMC Properties	6 mths to June 30	3.2	(3.4)	1.02▲	(0.617)	0.48†	(0.35)	0.13	Dec 5	0.12	-	0.27
DCS	Yr to June 30	30.5	(8.7)	2.37▲	(0.81)	8.31†	(5.02)	1	Dec 2	1	1.5	1
Edinburgh Fund	6 mths to July 31	15.1	(10.1)	3.43▲	(6.52▼)	8.2†	(23.1)	8	Nov 1	8	-	25
Fiscal Properties	6 mths to June 30	3.41	(2.94)	1.12	(0.81)	2.38	(1.5)	0.72	Nov 15	0.6552	-	2.0563
Golden Land	6 mths to June 30	0.562	(0.292)	0.206L	(0.13L)	8.2L	(5.2L)	nil	-	nil	-	nil
Groupe Chez Gérard	Yr to June 23	16.4	(13.1)	2.66	(2.33)	10.8	(8.4)	1.9	Nov 18	1.65	2.8	2.4
Healthcall	6 mths to June 30	28.1	(25.4)	2.87	(3.87)	3.29	(4.46)	1.65	Nov 7	1.65	-	4.95
Hiscox	6 mths to June 30	-	(-)	2.9	(1.06)	4.08	(2.25)	1	Oct 29	1	-	2.5
London Town Φ	9 mths to June 30◆	0.719	(0.006)	0.028L	(0.007▼)	1.22L†	(0.03)	-	-	-	-	-
Northern Leisure	53 wks to Aug 31 ★	26.9	(23.2)	5.51	(3.77▼)	9.8†	(8.3)	2.25	Dec 2	2	-	4
Oasis Stores	6 mths to July 27	33	(24.7)	5.19	(2.81▲)	6.47	(2.42)	2.1	Nov 6	-	4.25	4
Prestwich	Yr to July 31	38.6	(34.2)	1.81	(1.53▲)	3.15	(2.46)	0.5	Dec 11	nil	-	3.33
Refuge	6 mths to June 30	-	(-)	-	(-)	-	(-)	5.4	Oct 18	4	0.5	nil
Self Sealings Φ	8 mths to June 30☆	0.116	(-)	0.308L	(0.848L)	8.03L†	(36.92L)	-	-	-	-	13.35
Shield	Yr to Mar 31 ★	0.894	(3.62)	0.437L▲	(0.445L▼)	11.1L	(11.1L)	nil	-	-	-	-
Silver Shield	7 mths to May 31	0.63	(-)	0.031L▲	(-)	0.084L	(-)	-	-	nil	nil	nil
Surrey §	Yr to March 31	39.3	(40.9)	4.66L▲	(0.005L▲)	1.19L†	(0.01L)	nil	-	-	-	-
Unicorn Intl	6 mths to June 30	53.2	(52.6)	3.55	(3.4▼)	8.1†	(14.5)	2.05	Nov 5	nil	nil	nil
United Energy	6 mths to June 30	2.49	(1.78)	0.262▲	(0.035)	0.7	(0.1)	-	-	-	-	-
United Friendly	6 mths to June 30★	-	(-)	50.8	(50.2)	41.4	(44)	11.2	Oct 18	7.3	-	24.8

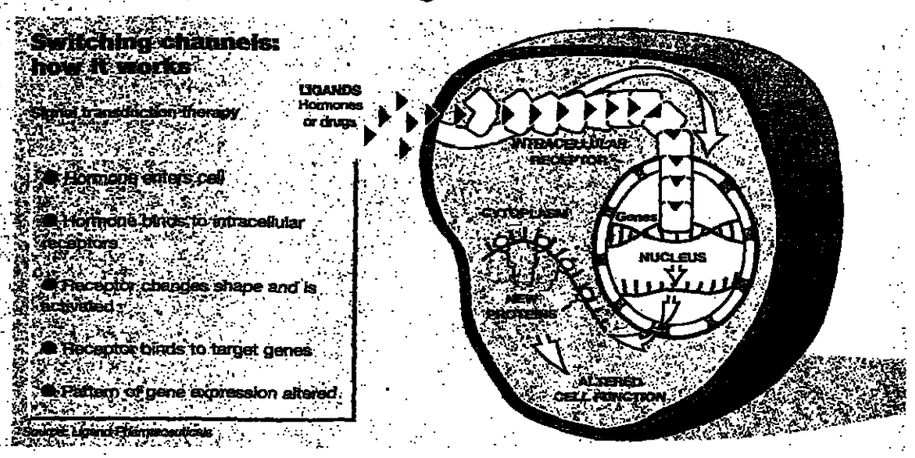
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abtrust Euro Index	6 mths to Aug 31	112.66	(99.62)	0.507	(0.39)	1.48	(1.14)	-	-	-	-	-
East German ✠	Yr to Mar 31	1.72	(1.99)	4.13L	(5.32L)	0.074L	(0.095L)	nil	-	-	-	1.1
High Income	Yr to June 30	97.08	(84.55)	1.55	(1.65)	6.82	(7.25)	1.167#	Oct 15	nil	nil	nil
Scottish Asian	Yr to July 31	299.8	(319.9)	0.229	(0.029)	1.16	(0.17)	-	-	1.067	6.5	6.4

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ▲After exceptional charge. ▼After exceptional credit. †On increased capital. ◆Comparatives for 6 months to March 31. ★Comparatives restated. ☆Comparatives for 16 months to October 31 1995. ΦAim stock. §USM stock. ✠German currency. #First interim for current year of 0.533p also declared.

هكذا من الأصل

Drugs with a message

Signal transduction therapy is hailed as the next big drugs breakthrough, writes **Victoria Griffith**



The scientific community is abuzz with talk about a new industry that many predict will rival biotechnology and traditional pharmaceuticals in medical significance: signal transduction therapy. "This is big – much bigger than gene therapy," says Richard van den Broek, a senior biotechnology analyst at Hambrecht & Quist. "This is the future of drug discovery."

The high level of excitement, researchers say, can be measured by increasingly frequent articles on the subject in scientific publications. Already, a number of companies have been formed around signal transduction, most of them within the past few years. Ligand, probably the oldest group in the industry, was established in 1987, followed by Ariad, Tularik, Signal, Sugen, Cadus, Applied Immune Sciences, Terrapin and others.

Although none has yet launched any products on the market, analysts predict the industry will bear its first fruit within the next few years. "I would say we'll see the first drugs in this area by the end of the century," says David Molowa, a biotechnology researcher at Bear Stearns.

Signal transduction therapy works by manipulating chemical signals within cells. Drugs known as ligands penetrate the cell membrane to bind with intracellular receptors – cellular antennae – within the cell's interior, or cytoplasm. The reaction causes the cell to "change channels". Altered cell messages are then sent to the nucleus, stimulating genes to produce larger or smaller amounts of specific enzymes, migrate to another part of the body, or absorb certain proteins. These functions have a profound impact on disease.

There are approximately 3,000bn cells in the human body, and the only way they can function as a whole is to be in constant communication with each other. Many diseases, scientists believe, are caused by messages gone awry. Cells that erroneously believe they should multiply quickly cause cancer; cells that think they should migrate and attack cause auto-immune disease, and cells that fail to produce or absorb certain substances can cause dysfunctions such as diabetes.

By getting inside the cell, scientists say, they can avoid some of the pitfalls of conventional biotechnology, which works largely outside the membrane. "We can attack the problem at an earlier stage, where the true source of the problem is," says Alan Lewis, chief executive of Signal. "That means more fine-tuning and fewer side-effects."

Signal transduction also allows researchers to intervene after the cell is already misfunctioning. This is in contrast to protease inhibitors, for instance, which work by preventing binding to the cell in the first place. Signal transduction also has an edge over gene therapy, since it does not seek to reconstruct the genetic make-up of a patient but merely to orchestrate the gene machinery, adjusting the flow from various genetic spigots.

Because signal transduction therapy uses small molecules, moreover, scientists say drugs born of this technique may be administered orally, rather than in the intravenous form required by many biotechnology products. "That these drugs can be given in pill form is a huge advantage," says Andrew Perlman, head of medical research at Tularik.

Sceptics say there is little new about intracellular signalling drugs. A large number of signal transduction products are already on the market: steroids for the treatment of lupus, the auto-immune disease, oestrogen therapy for osteoporosis, seratonin drugs for mental illness, and cyclosporine for immunosuppression, to name a few. Analysts put world sales for lipid-soluble hormones – hormones that can dissolve into the cell's cytoplasm – at about $5bn a year.

Yet these treatments were largely discovered through serendipity, before researchers knew much about the internal workings of cells. What will set the next generation of intracellular signalling products apart, those in the industry say, is that they will be designed with this purpose in mind.

Knowledge of cell function has increased so much over the past five years that scientists feel equipped to design drugs to send specific messages. At least six major cellular signal pathways have been identified. This understanding may mean faster drug discovery and fewer side-effects, as researchers home in on single functions. "Now we can use a rational approach, focusing on specific targets," says Peter Hirth, in charge of medical research at Sugen.

The existence of effective signal transduction products is, in fact, a source of comfort to the industry. "There's not such a leap of faith involved as there is with gene therapy, because we already know this can work," says Molowa. "There's no proof of concept to worry about."

Signal transduction companies are tackling a host of diseases, although many have a particular focus on cancer. Signal is concentrating on osteoporosis, inflammation and cancer. Ligand is tackling various illnesses, including Kaposi's sarcoma, lymphoma, diabetes and ovarian and prostate cancer. Sugen is focusing on brain tumours and skin cancer.

Signal transduction does carry potential risks. Although scientists believe they can use the technique to reduce unwanted side-effects, these do exist in hormonal drugs already on the market. Researchers concede that because signal transduction is a new science, reactions are largely unpredictable. "We don't fully know what the results are of modifying signalling cascades within cells," says Lewis of Signal. "That's the potential Achilles heel."

Although hormones, which will form the bulk of signal transduction therapies, easily penetrate cell membranes, scientists say getting other messaging drugs inside the cells may be difficult, rendering treatments ineffective.

Despite the potential risks, researchers and analysts believe signal transduction will be a powerful source of drugs in the next century. "You have the best of both worlds: the oral deliverability of traditional pharmaceuticals and the rational design methods of biotechnology," says van den Broek of Hambrecht & Quist. "This is a powerful new technology."

Winning combination

Cell-signalling technology can be combined with gene therapy to regulate the production of proteins in the body.

The journal *Nature Medicine* last month published details of "an exciting and novel approach" to switching genes on and off, developed over the past two years by Ariad, a Massachusetts biotechnology company.

Ariad's scientists showed that the production of human growth hormone in transgenic mice could be controlled by varying oral doses of a small molecule drug, rapamycin. The company expects clinical trials of a similar system to start next year. Its ambition is to replace injections of therapeutic proteins, such as erythropoietin and growth factors, with its new combination of gene therapy or cell therapy and oral drugs.

"By implanting cells engineered to produce therapeutic proteins *in vivo* and controlling those cells with a pill, we may be able to achieve safer, more effective and less costly treatments for patients who receive protein drugs that require frequent injections," says Michael Gilman, science director.

The Ariad technology uses rapamycin to bring together and control separate cell-signalling pathways that regulate gene transcription and protein production. Rapamycin essentially acts as a molecular bridge to link two proteins, called transcription factors; one binds the DNA of the new gene at the correct site and the other initiates the process of reading it.

If no rapamycin is present, the cells cannot make growth hormone. Higher doses of the drug produce proportionately higher amounts of hormone in the mice's bloodstream.

Clive Cookson

On the road to development: the lightweight car body

Andrew Baxter on an innovative design for a lightweight car

Steel goes for perfect body

It may look like just another car, but the picture above marks the latest stage in a worldwide initiative to design a steel car body that is both lighter and more rigid than the typical five-passenger saloon on the road today.

It is an "exterior styling concept" for the innovative UltraLight Steel Auto Body (Ulsab), the brainchild of a consortium of 33 sheet steel producers representing 16 countries on five continents.

The project aims to demonstrate a lightweight steel car structure that meets a wide range of performance targets. By reducing the car's weight, less fuel is consumed and less emissions are produced – helping the steel industry maintain its grip on the car body market against the encroachment of lightweight aluminium bodyshells.

The project has already generated substantial interest from carmakers in the UK and elsewhere, says Jeff Edington, executive director of technology at British Steel, an Ulsab participant. A number of manufacturers are using some or all of the Ulsab proposals.

The styling concept is the first announcement under the project's second, validation phase. It is based on the results of the initial engineering phase carried out by Porsche Engineering Services, an American subsidiary of the German luxury sportscar manufacturer.

The styling had to follow the engineering design of the Ulsab precisely and illustrate the highest quality surfaces typical of steel-skinned vehicles.

Producing it involved creating dozens of electronic paint sketch concepts, from which five themes were selected and narrowed down to a single style. Using this information, a three-dimensional computer model of the styling was created, from which photographic quality images were taken.

Styling the exterior in a particular way creates a look that is easily recognised, says Edward Opbroek, Ulsab's programme director. It also gives an opportunity to conduct further design studies for doors or other closures.

A completely assembled Ulsab "body-in-white" structure is expected to be unveiled, along with engineering data, performance and crash analysis results, in spring 1998.

LAW

British Coal's rights upheld

EUROPEAN COURT

British Coal's licensing policy does not contravene the competition provisions in the European Coal and Steel Community Treaty, the European Court of First Instance ruled last week.

Under English law British Coal enjoys an exclusive right to work and extract coal subject to a licensing scheme under which other mining companies can extract and sell coal in return for a royalty payment.

British Coal is the main supplier of coal to National Power and PowerGen, the two UK electricity generators. Under an agreement which came into force in April 1990, British Coal was to supply the generators with most of their coal requirements at a price of 170p per gigajoule. The price offered to the other licensed mining companies was between 122p and 139p per gigajoule, on top of which they were obliged to pay £7 per tonne to British Coal as a condition of their licences.

The National Association of Licensed Opencast Operators, representing some of the licensed mining companies, lodged a complaint with the European Commission, alleging that British Coal's agreement with the power generators and the licensing scheme were anti-competitive and unlawful under the terms of the ECSC treaty.

The Commission's view was that the agreement with the power generators deprived licensed operators of access to the market and created a situation in which they obtained low prices. It said the £7 per tonne royalty payment was too high.

As a result the UK authorities offered to increase the price paid to licensed operators to 157p per gigajoule and reduce the royalty payment to £5.50. The Association rejected the offer, following which the Commission said it would not pursue the Association's complaint, as the modifications had already been put in place.

The Commission said the differential between the price offered to British Coal and to licensed operators was now not so large as to constitute discrimination, and the reduced royalty payment would not prevent efficient companies from making a profit or impose a significant disadvantage on them.

The Association applied to the Court of First Instance for annulment of the Commission's decision. The Court struck out parts of the Association's claim on procedural grounds. Only the issue of the lawfulness of the royalty payment remained.

The main plea raised by the Association was that the Commission had committed errors of factual and legal assessment in determining that the royalty payment of £5.50 imposed by British Coal was lawful under the ECSC treaty.

The Court noted the Commission's findings that the increase in the selling price and the drop in the royalty payment were likely to improve the profits of the licensed operators.

Given this improvement, the Association had not shown that the Commission was guilty of manifest breach of the treaty provisions. It said the Association's evidence that the royalty payment was too high was not conclusive because it was based on the extrapolation of British Coal's operating results in 1989-90 rather than on actual results.

The Court said the Commission was entitled to take the view that the new rate of £5.50 was lawful.

The Association's other pleas were rejected by the Court. The Association was ordered to pay the Commission's and British Coal's costs.

T-57/91: National Association of Licensed Opencast Operators v Commission, CFI 3CH, September 24 1996.

BRICK COURT CHAMBERS, BRUSSELS

INTERNATIONAL PEOPLE

Bankers Trust role for Attali

Bernard Attali (left), the former head of Air France who resigned three years ago when his austerity plan for the state carrier provoked a bitter strike, appears to be finding the world of finance more to his liking.

After a spell chairing the supervisory board of Banque Arjil, a merchant bank controlled by the Lagardère conglomerate that wants to buy Thomson, France's state-owned electronics giant, he has now been snapped up by Bankers Trust, the US bank, to head its French operations.

Attali, 52, whose financial experience also includes a period as chairman of the GAN insurance group in the mid-1980s, will report to Philippe Souviron, the recently promoted head of the bank's European office network. The company's French strengths include corporate finance, mergers and acquisitions and risk management.

Ashanti moves

Ashanti Goldfields, the Ghana-based gold mining operation in which Lonrho and the Ghanaian government are both major shareholders, has strengthened its senior management, in line with its ambition to be one of the world's top five gold mining companies. Trevor Schultz, previously chief operating officer of Pegasus Gold of the US, joins as chief operating officer. He succeeds Colin Smith, who at 60 is retiring.

Schultz, 54, is a mine engineer who spent much of his career at with BHP Minerals, including management of the early stages of the Escondida copper project in Chile and development of the Syama gold mine in Mali. His role will be different from Smith's, inasmuch as Ashanti is likely to have as many as eight or nine operating gold mines by the turn of the century, up from one – the Obuasi mine in Ghana – before its recent expansion. Sam Jonah, the group's chief executive, will continue to set the overall strategic direction.

Two further appointments at Obuasi will allow Schultz to concentrate on integration and development of recent acquisitions elsewhere in Africa. Peter Kinver, a Briton, joins from the state-owned Oman Mining and Oil Company to become general manager mines, responsible for all mining operations at Obuasi. Michael Mracek, a Canadian who was most recently general manager of Royal Oak Mines in Canada, backs him up in the role of general manager, mining. *Nim Caswell*

Sotheby's promotes

Sotheby's Holdings, the parent company of Sotheby's worldwide auction, real estate and art-related financing activities, has appointed Kevin Bousquette to the newly-created post of executive vice-president and chief operating officer, based in New York. He also joins the board of Sotheby's Holdings.

Bousquette has been with Sotheby's since 1993 as chief financial officer. He came from MBO specialists Kohlberg Kravis Roberts & Co; he previously worked as an investment banker in the mergers and acquisitions department of Morgan Stanley, and as a corporate lawyer.

Diana Brooks, president and chief executive of Sotheby's Holdings, says Bousquette's promotion will free her to focus her attention "on the expansion of Sotheby's franchise, our long term strategy, client relationships and key business development opportunities." Bousquette will oversee the firm's day-to-day operations internationally; he will retain his current financial responsibilities until a successor is found. *Gary Mead*

Hilton gaming chief

Arthur Goldberg, former head of Bally Entertainment and newly-installed chief of Hilton Hotels' gaming division, has been working as first lieutenant to Stephen Bollenbach, group president and chief executive, ever since Hilton purchased Bally in June. Now he has formally agreed to stay on.

By his account, most of the work needed to meld Bally's casinos into its new owner's gaming interests has already been done. According to Bollenbach, any early acquisitions are likely to be in the hotels division, which will be appreciably smaller than the gambling arm under Goldberg's control.

The two men display an ease in one another's company which was not apparent last year when Barron Hilton first appeared in public with Bollenbach to introduce him as his successor and announce his own move to the chairmanship. Since then, Bollenbach's strategic link with Hilton International, owned by the UK's Ladbroke, and the almost-simultaneous takeover of Bally, have smacked of a decisiveness not seen during the Hilton scion's reign. *Christopher Parkes*

Sabena shakeout

Swissair, which owns 49.5 per cent of Sabena, is continuing to shake up the management of the loss-making Belgian airline which is supposed to provide it with a cheap ticket into the European Union.

In August Jan Ghyssaert resigned as Sabena's secretary general; now Bernadette Franzi, Sabena's commercial director, has quit. Ghyssaert was replaced by Patrick du Bois, an ex-McKinsey consultant, and Hilde Burie has joined from Philips as Sabena's head of human resources.

Paul Reutlinger, Swissair's former head of marketing who replaced Pierre Godfroid. Sabena's chief executive six months ago, will take over responsibility for Sabena's marketing until a new marketing chief is found. *William Hall*

ON THE MOVE

■ Charles Blitzer, formerly the World Bank's chief economist in Moscow, has been appointed chief economist in London for the emerging markets group of DONALDSON, LUFKIN & JENRETTE.

■ Gyorgy Szapary has been appointed to a second three-year term as a vice-president of the NATIONAL BANK OF HUNGARY.

■ Edward Kubrasik, McKinsey consultant, is to be proposed as a member of the SIEMENS management board, from January 1, with responsibility for high-technology business.

■ James Cherry has been appointed president and chief operating officer of CAE ELECTRONICS, the Montreal-based commercial and military flight simulator maker, and the biggest subsidiary of Toronto-based CAE, a diversified aerospace and industrial products group. Cherry joins from Bombardier, where he was a president of the amphibious aircraft division.

■ David Murray becomes president and chief operating officer of TVX GOLD, the Canadian gold mining company. He was previously president and chief executive of RTZ Mineracao, the Brazilian subsidiary of RTZ. Clifford Davis joins as senior vice-president, North American operations; Kenneth Sangster becomes senior vice-president, European operations.

■ Alan Bernstein becomes president, North American operations, at WACKENHUT CORPORATION.

■ Charles Fisher becomes vice-president, marketing and sales, at LEAR CORPORATION.

■ Daniel Colson has joined the board of SOUTHAM, a Canadian information company. He is deputy chairman and chief executive of The Telegraph Group, deputy chairman of John Fairfax Holdings in Australia and a director of Hollinger and Hollinger International.

■ Peter Meredith has been appointed chief financial officer of CARSON GOLD, Canada's diamond miner, to be renamed DIAMONDWORKS.

■ Leslye Katz has been named treasurer of COGNIZANT, which is due to be spun off from Dun & Bradstreet in November.

■ Joel Feldschuh, a retired brigadier general in the Israeli Air Force, replaces Rafi Harlev as president of EL AL ISRAEL AIRLINES.

■ James Abrahamson has resigned as a director of ORACLE, the software company, to focus on his investment banking firm.

■ Douglas Ziemer has been named president of CARLSON WAGONLIT TRAVEL-AMERICAS. Ziemer, formerly executive vice-president, administration at Carlson Companies, has served on the company's executive committee, and has been responsible for its government and military division, in addition to the company's largest single account, General Electric.

■ Brian Beazer, former chairman and chief executive of BEAZER, has been appointed to the board of US Industries, the conglomerate spun-off from Hanson last year.

■ Jaffar Hussein, Malaysia's former central bank governor, has been appointed chairman of MALAYSIAN MINING.

■ James Ricketts has been appointed vice president and worldwide treasurer of INGRAM MICRO, the US computer and distribution company. He joins from Sundstrand Corporation.

■ Kenneth Oshman, president, chairman and chief executive of Echelon Corporation, has joined the board of KNIGHT-RIDDER.

■ Wayne Chumley, most recently CHRYSLER's service manager for the Pacific sales group, has been appointed president of Chrysler Korea Sales, a new wholly-owned import and distribution subsidiary.

■ Russ Magarity has been appointed managing director for the Asia region for BANKBOSTON. He joins the company after 22 years with Chase Manhattan, most recently as managing director of Chase Asia.

■ Jean Le Chartier de Sedouy has been appointed vice-president, sales, at COLGATE-PALMOLIVE France, succeeding Franck Moison who moved to Italy in June.

■ Karl von der Heyden has resigned from the board of CADBURY SCHWEPPES, following his appointment as chief financial officer of Pepsico.

■ Dennis Gormley is resigning as chairman and chief executive of FEDERAL-MOGUL CORPORATION, the vehicle parts manufacturer. Robert Miller takes over as chairman of the executive committee and acting chief executive.

■ MICRO FOCUS, the US software group, has appointed Chris Christides as vice-president of North American sales. He will report to Marcelo Gumucio, chief executive.

■ Lucy Shapiro of Stanford University, a leading molecular geneticist, has joined the board of SMITHKLINE BEECHAM as a non-executive director.

■ WITCO CORPORATION, the manufacturer of specialty chemicals, has named John Bondur and Dunstan McCoy senior vice-presidents. Bondur will have responsibility for human resources and McCoy will act as general counsel and corporate secretary.

■ James Duncan becomes vice-president and general manager, industrial packaging division, at JEFFERSON SMURFIT CORPORATION. He replaces Patrick Moore, who takes over as chief financial officer. Gary West has been appointed vice-president and general manager, container division, replacing Edward McCallum, who is retiring.

■ PITNEY BOWES has appointed Henry Ho its first vice-president of Asian operations.

■ Marc Gustafson is to head VOLVO's truck operations in North America.

■ Colin Hermon, formerly director of Jardine Fleming Securities, Hong Kong, has been appointed senior vice-president at IVANHOE CAPITAL.

■ Michael Montgomery has been appointed president and chief operating officer of SEGA GAME WORKS. He joins from DreamWorks.

■ VALMET, the Finnish paper machinery manufacturer, has appointed vice-chairman Teuvo Kinnunen as acting supervisory board chairman after the death of Pentti Maeki-Hakola.

■ Johan Erbe, chairman of the supervisory board of ING, the Dutch banking and insurance group, has died at the age of 69. Erbe took over as chairman from Jan Choufoer in May.

International appointments

Please fax information on new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to "fine".

Treasuries slip on new home sales

GOVERNMENT BONDS

By Lisa Bransten in New York and Samer Iskandar in London

US Treasuries suffered yesterday from renewed fears of a pick-up in inflationary pressures. In Europe, a quiet session allowed market participants to recover from the excitement of last week's bull run in the peripheral markets, while UK gilts continued gradually to outperform bunds.

"Large overseas funds want to get in on the convergence trade, but not at these levels. It looks as if someone is pushing down prices [of Spanish and Italian bond futures]," one trader said.

■ US Treasury prices slipped in early trading in the wake of a report showing increases in wholesale prices and new home sales.

Bonds were mostly higher before the Commerce Department said new home sales had jumped 4.7 per cent in August despite the increase in interest rates in the early part of this year. Most economists had expected a 0.4 per cent decline.

The market was also troubled by an increase in the prices paid component of the Chicago Association of Purchasing Management's survey of business activity.

The index rose to 59.3 per cent in September from 51.8 per cent in August, which many analysts interpreted as a sign that wholesale prices may have increased nationally. The National Association of Purchasing Management's report is due at midday today.

By midday yesterday, the benchmark 30-year Treasury was ⅛ lower at 97⅜ to yield 6.918 per cent, while the two-year note weakened by 1/32 to 99⅞, yielding 6.084 per cent. The December 30-year bond future was ¼ lower at 109¼.

Bonds did derive some support yesterday from a strengthening of the dollar against the yen and the D-Mark. In early trading the US currency was changing hands at Y111.60 and DM1.5262, compared with Y110.82 and DM1.5240 late on Friday.

■ UK gilts had a quiet session but managed to outperform bunds for the third consecutive day. The 10-year benchmark bond was up ⅛ at 98⅜, its yield spread over the equivalent bund narrowing 2 basis points to 172 points.

The market found some support in a speech by Mr Gordon Brown, the Labour party's finance spokesman, at the party conference, who pledged "iron discipline in our approach to public spending" should Labour win the general election.

"Gilts are finally catching up with the rest of Europe", a trader at BZW said. "This tightening [of the 10-year spread] was long overdue."

BZW has upgraded gilts in its model portfolios, from "neutral" to "overweight", and predicts a spread tightening over bunds to around 125 basis points over the next 12 months.

■ The Spanish and Italian markets relinquished part of last week's sharp gains, with 10-year yield spreads over bunds widening 7 and 2 basis points, respectively, to 184 and 251 points. However, Swedish bonds continued to outperform.

"We continue to be big bulls on [European] convergence", analysts at Bear Stearns said. "Short-term, though, it looks like the market is going to be a lot less steamy over the next few days."

City of Yokohama oversubscribed

INTERNATIONAL BONDS

By Conner Middelmann

A $200m issue of 10-year bonds from the Japanese City of Yokohama, priced to yield 27 basis points over Treasuries, was the highlight of the eurobond market yesterday. According to an official at the lead manager, the offering was heavily oversubscribed and allotments had been scaled back.

Although it was the last day of the third quarter, no last-minute transactions to lift league-table rankings were seen. It was a quiet day, with many London syndicate managers at the International Monetary Fund meeting in Washington.

Pricing of the Yokohama bonds – which were issued via Bank of Tokyo-Mitsubishi – was considered attractive by most market observers, in view of the paper's government guarantee.

According to the syndicate official, some 60 per cent of the offering went to institutional investors in the UK and continental Europe, and between 25 per cent and 30 per cent to non-Japanese Asian accounts – many of them central banks.

Elsewhere in the dollar sector, two French financial institutions issued subordinated, floating-rate perpetual bonds. Investors had been reluctant to buy French bank securities in light of the problems the sector has experienced, but a syndicate official said yesterday that investors were "feeling increasingly bullish about French banks – the sector's been oversold and there is value to be had".

Société Générale launched $220m of notes priced to yield 66 basis points over Libor at the re-offer price, which is where the notes were bid at the close of the session.

The offering is the second-largest to date in the dollar subordinated FRN sector, and only the second deal with a step-up after 10 years, an official at lead manager Morgan Stanley said.

He added that the paper saw strong demand from continental European and UK fund managers, banks and retail funds as well as some Asian banks. "A bank like Société Générale offers significant yield for little incremental risk," he said.

Cie Financière de CIC issued $70m of perpetual floaters paying a coupon of 70 basis points over Libor, which steps up to 145 basis points after five years and to 220 basis points after 10 years.

According to a syndicate official at lead manager SBC Warburg, the issue went well, with some $55m of the notes placed with clients who had expressed demand for the paper ahead of launch.

Meanwhile, market speculation is rife about Brazil's borrowing plans in the dollar sector.

While many dealers still expect a $750m issue of either five-year or 10-year global bonds, there has also been talk of a Yankee offering of the same size.

With Argentina expected to launch a large 10-year dollar global soon, some said Brazil might opt for the five-year maturity to avoid clashing with Argentina.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Societe Generale(a)‡	220	(a1)	99.74R	perpetual	0.75R	-	Morgan Stanley Intl
City of Yokohama	200	7.00	99.66R	Oct 2006	0.33R	27(7%-06)	BOT-Mitsubishi Intl
Compagnie Financiere(b)‡	70	(b1)	100.173R	perpetual	0.73R	-	SBC Warburg
YEN							
World Bank(c)*	50bn	5.00	98.538	Oct 1999	0.188	-	Daiwa Europe
Nissan Dsl Motor Cor (d)(e)◊	10bn	0.125	100.00	Mar 2001	2.50	-	IBJ International
BIL Tranche A*	2bn	4.60	100.25	Oct 2001	0.25	-	Yamaichi Intl(Europe)
BIL Tranche B*	5bn	1.60	100.35	Oct 2006	0.35	-	Yamaichi Intl(Europe)
FRENCH FRANCS							
Statkraft F/S of Oslo	1.5bn	6.25	99.892R	Oct 2006	0.38R	19(8¼%-06)	BNP
LUXEMBOURG FRANCS							
Nordic Investment Bank(f)	2bn	5.75	102.70	Dec 2003	1.75	-	BGL
NEW ZEALAND DOLLARS							
EBRD*	100	7.35	100.00	Apr 1998	0.50	-	Mgn Stnly Intl/Tokyo Secs

Final terms, non-callable unless stated. Yield spread (over relevant gvmnt bond) at launch supplied by lead manager. *Unlisted. §Convertible. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Par call from 15/10/06 and each payment date thereafter. a1) 3-mth Libor +62.5bp. Step up year 10 and upwards at 200bp. b) Callable at par on 16/10/01 and 16/10/06. b1) 3-mth Libor +70bp. Steps up to 145bp on 16/10/01, 220bp on 16/10/06.c) Coupon in yen, redemption in US dollars at an undisclosed Forex rate. d) Fixing: 4/10/96. f) Long 1st coupon. s) Short 1st coupon.

Bulgarian banks 'vulnerable to default'

By Samer Iskandar

The credit standing on the long-term obligations of some Bulgarian banks is just one notch away from default, according to Moody's, the US credit rating agency.

Moody's assigned a Caa rating, reflecting vulnerability to default, to long-term deposits denominated in foreign currencies at the banks. This is one notch higher than the Ca rating – which Moody's assigns to borrowers that are bankrupt or unable to meet their financial obligations.

A foreign currency sovereign ceiling of B3 was also assigned to Bulgaria, affecting some $5bn of existing bonds. Short-term debt by Bulgarian-domiciled issuers was rated "not prime".

"The ratings reflect the difficulties Bulgaria is currently facing in meeting its foreign currency obligations, as well as the slow pace of enterprise restructuring which has been hindering macroeconomic stabilisation," Moody's said.

It added that the country was currently dependent on credit from multilateral agencies to meet its external debt service payments – estimated at $1.2bn in 1997.

The only way to prevent a default, according to Moody's, is for Bulgaria to adhere "to the stringent structural reform measures required by the multilateral lenders", such as the World Bank and the IMF. Access to new sources of financing will be determined by the speed and success of the necessary reforms.

The ratings also reflect Bulgaria's suspension of interest payments on its foreign debt in 1990.

CAPITAL MARKETS NEWS DIGEST

Rail Link issue well received

A bond issued to finance railway development under the UK government's private finance initiative has been snapped up by investors and rose in price in secondary-market trading yesterday.

The £165m issue, for City Greenwich Lewisham Rail Link, is only the second under the PFI and the first to be launched without a third-party guarantee. Launched on Friday at a yield spread of 130 basis points over the 2017 gilt, the paper was bid at a yield spread of 124 basis points over and offered at 120 points in late trading.

Most of the issue was bought by a UK pension funds and insurance companies, according to BZW, which lead-managed the issue. "We chose to do this without an enhancement," Ms Sue Dale, assistant director at BZW Capital Markets, said. "It is quicker and investors would rather receive the yield."

The CGLR deal matures in 2020 but the paper amortises from year nine and has an average life of 16.2 years. The bonds have a single-A ratings from Duff and Phelps, the rating agency.

When RMC launched the first PFI bond in March, a £165m 25-year issue priced at 80 basis points over gilts, it paid Ambac, the US insurer, to guarantee principal and coupon repayments. The paper was rated triple-A by both Moody's and Standard & Poor's, the credit rating agencies. *Richard Lapper*

More short-term gilts planned

The Bank of England's funding plan for the fourth quarter is likely to be skewed towards issuance of short-term debt – an estimated £4.5bn, against £1.5bn of longer dated gilts. Two auctions, on October 22 and 24, will see the re-opening of existing stock in the 5 to 7-year area of the yield curve and 18 to 20-year area, respectively, while a new 5 to 7-year gilt will be issued on December 4. *Samer Iskandar*

First from Cedel Bank

Cedel Bank, the Luxembourg-based international depositary, has launched a service offering real-time book entry management of collateral exchanged in derivatives transactions. The bank said the service was the "first ever". Labelled Global Credit Support Service, inaugural customers include Bank of America, Banque Paribas, Salomon Brothers and Dresdner Bank.

"At a time when collateralisation as a means of controlling credit exposures is steadily rising, GCSS establishes a new standard for the management of credit support assets to minimise the risk in the trading of derivatives," Cedel said.

It pointed to the growing use of collateralisation as financial institutions respond to the European Union's Capital Adequacy Directive and Basle committee guidelines. The service claims to offer customers the opportunity to maximise asset efficiency and reduce collateral funding costs. *Richard Lapper*

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia	6.750	11/06	92.5430	–0.390	7.83	7.96	7.87
Austria	6.250	05/06	100.6500	–0.100	6.05	6.16	6.34
Belgium	7.000	05/06	105.3200	–0.030	6.24	6.40	6.65
Canada *	7.000	12/06	99.0100	–0.010	7.14	7.36	7.27
Denmark	8.000	03/06	107.1600	+0.060	6.93	7.13	7.30
France BTAN	5.500	10/01	101.3160	–	5.20	5.33	5.83
OAT	6.500	10/06	102.8200	–0.020	6.12	6.22	6.39
Germany Bund	6.250	04/06	101.0100	–0.140	6.10	6.20	6.35
Ireland	8.000	08/06	107.0800	+0.050	6.98	7.18	7.58
Italy	9.500	02/06	106.7400	–0.380	8.44†	8.84	9.39
Japan No 140	6.600	06/01	120.9894	+0.230	1.77	1.77	2.07
No 182	3.000	09/05	101.3229	+0.400	2.82	2.85	3.10
Netherlands	8.500	06/06	118.0600	–0.080	5.98	6.07	6.32
Portugal	9.500	02/06	110.2100	–0.440	7.90	8.07	8.70
Spain	8.800	04/06	105.4700	–0.580	7.94	8.11	8.96
Sweden	6.000	02/05	91.6368	+0.120	7.37	7.65	8.11
UK Gilts	8.000	12/00	103–25	–1/32	6.94	7.10	7.03
	7.500	12/06	98–27	+2/32	7.66	7.82	7.84
	9.000	10/08	109–11	–	7.79	7.93	7.97
US Treasury *	7.000	07/06	102–02	–15/32	6.68	6.84	6.58
	6.750	08/26	97–26	–21/32	6.92	7.05	6.83
ECU (French Govt)	7.000	04/06	103.8900	–0.160	6.43	6.51	6.82

London closing, *New York mid-day. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by nonresidents). Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest Treasury Bills and Bond Yields

Prime rate	8¼	One month	-	Two year	6.10
Broker loan rate	7	Two month	-	Three year	6.27
Fed funds	5⅝	Three month	5.04	Five year	6.46
Fed.funds at intervention	-	Six month	5.25	10-year	6.71
		One year	5.68	30-year	6.92

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FF500,000

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	124.80	124.82	–0.02	124.90	124.74	47,346	206,487
Mar	124.68	124.66	–0.02	124.72	124.62	2,030	22,154
Jun	123.62	123.60	–0.02	123.62	123.56	25	–

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Mar
121	3.84	3.88	4.02	0.02	0.07	0.41
122	2.87	2.96	3.20	0.04	0.14	0.58
123	1.93	2.09	2.48	0.11	0.28	0.84
124	1.10	1.34	1.84	0.27	0.53	1.19
125	0.48	0.76	1.29	0.66	0.96	1.63

Est. vol total, Calls 4,718 Puts 6,940 . Previous day's open int., Calls 132,919 Puts 114,907.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.71	98.66	-0.08	98.80	98.62	89467	243325
Mar	97.70	97.66	-0.08	97.71	97.70	250	3944

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
9850	0.55	0.82	0.55	0.86	0.39	0.66	1.39	1.70
9900	0.30	0.56	0.36	0.67	0.64	0.90	1.72	2.01
9950	0.14	0.37	0.26	0.51	0.98	1.21	2.10	2.35

Est. vol. total, Calls 8162 Puts 13060. Previous day's open int., Calls 158108 Puts 146866

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lire 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Dec	121.85	121.49	-0.41	121.90	121.25	44130	74744
Mar	120.74	120.73	-0.42	120.74	120.74	100	872

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lire200m 100ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
12100	1.69	1.97	1.20	2.24
12150	1.37	1.74	1.38	2.51
12200	1.16	1.51	1.67	2.78

Est. vol. total, Calls 4712 Puts 5371. Previous day's open int., Calls 93895 Puts 126355

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	108.75	108.24	–0.58	108.83	108.14	69,552	81,107

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	108-20	108-19	+0-01	108-24	108-14	38491	152937
Mar	-	107-23	+0-01	-	-	0	4

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
106	1-04	1-25	1-13	1-47	0-30	0-51	1-31	2-01
109	0-33	0-55	0-51	1-18	0-59	1-17	2-05	2-36
110	0-13	0-32	0-32	0-60	1-39	1-58	2-50	3-14

Est. vol. total, Calls 2789 Puts 702. Previous day's open int., Calls 22366 Puts 16665

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	93.44	93.34	–0.14	93.44	93.34	1,488	7,942

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Dec	109–14	109–21	+0–06	109–24	109–13	330,339	380,611
Mar	109–07	109–09	+0–09	109–09	109–05	300	20,151
Jun	108–22	108–17	–	108–24	108–22	216	5,338

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	121.35	-	-	122.19	122.04	1414	n/a
Mar	121.27	-	-	121.28	121.24	310	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Mon Sep 30	Day's change %	Fri Sep 27	Accrued interest	xd adj. ytd		— Low coupon yield — Sep 30	Sep 27	Yr. ago	— Medium coupon yield — Sep 30	Sep 27	Yr. ago	— High coupon yield — Sep 30	Sep 27	Yr. ago
1 Up to 5 years (22)	121.46	0.05	121.41	1.96	7.89	5 yrs	7.06	7.06	7.78	7.12	7.14	7.76	7.19	7.19	7.78
2 5-15 years (19)	149.96	0.24	149.59	3.31	7.61	15 yrs	7.95	7.93	8.22	7.92	7.92	8.27	7.95	7.92	8.35
3 Over 15 years (8)	163.61	0.02	163.57	2.84	9.83	20 yrs	8.07	8.03	8.24	8.01	8.01	8.29	8.04	8.00	8.37
4 Irredeemables (5)	188.12	-1.13	190.26	3.43	8.83	Irred.†	8.09	8.00	8.32						
5 All stocks (55)	143.84	0.13	143.46	2.72	8.20										

Index-linked							— Inflation 5% — Sep 30	Sep 27	Yr. ago	— Inflation 10% — Sep 30	Sep 27	Yr. ago
6 Up to 5 years (2)	201.61	0.06	201.50	0.86	4.43	Up to 5 yrs	2.84	2.85	3.11	2.18	2.19	2.00
7 Over 5 years (10)	192.73	0.29	192.16	1.47	3.65	Over 5 yrs	3.49	3.51	3.68	3.29	3.31	3.50
8 All stocks (12)	192.62	0.27	192.10	1.40	3.68							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Yr ago	High*	Low*
Govt. Secs. (UK)	93.73	93.88	93.74	93.28	93.31	93.25	96.34	91.59
Fixed interest	113.91	113.88	113.50	113.26	113.13	111.52	115.23	110.74

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Gilt Edged Activity Indices

	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23
Gilt Edged bargains	107.6	108.3	131.1	91.4	87.2
5-day average	105.1	102.2	99.8	93.4	94.3

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on September 30

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6¾ 02 US	1000	98	98¼	–¼	6.88
ABN Amro Bank 7¼ 05	1000	99⅞	100⅛	–⅛	7.40
African Dev Bk 7⅞ 23	500	96½	97	–2	7.58
Alberta Province 7⅞ 98	1000	102½	102⅝	–⅛	6.30
Asian Dev Bank 6¼ 05	750	95⅛	95⅜	–⅛	7.05
Austria 8½ 00	400	105½	105¾	–⅛	6.58
Baden-Wuertt L-Fin 8¼ 00	1000	104¼	104½	–⅛	6.84
Bancomext 7¼ 04	1000	85⅞	86¼	+½	10.26
Bank Ned Gemeenten 7 99	1000	101½	101¾	–⅛	6.41
Bayer Verensbk 8¼ 00	500	104⅛	104⅜	–⅛	6.68
Belgium 5½ 03	1000	92⅛	92⅜	–⅛	6.84
British Columbia 7¾ 02	500	104⅛	104½	–¼	6.84
British Gas 0 21	1500	14½	14⅝	–⅛	8.00
Canada 6¾ 05	1500	98	98⅛	–⅛	7.11
Cheung Kong Fin 5½ 98	500	98⅞	97¼	–⅛	7.23
China Bl 2 04	1000	94¼	94⅝	–⅛	7.67
Credit Foncier 9½ 99	300	108¼	108⅝	–⅛	8.56
Denmark 5¾ 98	1000	99⅜	99⅝		6.20
East Japan Railway 6⅝ 04	600	97⅛	97½	–⅜	7.10
EIB 6 04	500	95¾	96⅛	–½	6.74
EIB 9¼ 97	1000	103⅜	103⅝		5.80
Elec de France 9 98	200	103⅝	103⅞		6.27
Ex-Im Bank Japan 8 02	500	105⅛	105⅜	–⅛	6.81
Export Dev Corp 9½ 98	150	105⅛	105⅜	–⅛	6.35
Exxon Capital 0 04	1800	58⅛	58⅜	–⅛	6.91
Fed Home Loan 7⅛ 99	1500	101⅞	102	–⅛	6.48
Federal Natl Mort 7.40 04	1500	103	103⅛	–⅛	7.01
Finland 6¾ 07	3000	100⅜	100⅝		6.15
Ford Motor Credit 6¼ 98	1500	100	100⅛		6.34
General Mills 0 13	1000	24½	25	–⅛	8.69
INI Finance 5¼ 98	650	97⅝	97¾	–⅛	6.43
Inter-Amer Dev 6½ 06	1000	94½	94⅝	–½	7.05
Inter-Amer Dev 7½ 05	500	102⅜	102¾	–½	7.09
Intl Finance 5¼ 99	500	97⅞	98⅛	–⅛	6.27
Italy 6 03	2000	95¼	95½	–⅛	6.98
Italy 6⅝ 23	3500	90¾	91¼	–⅜	7.84
Japan Dev Bk 6⅜ 01	500	105⅝	106¼	–¼	6.76
Korea Elec Power 6⅜ 03	1350	85	85⅜	–¼	7.41
Matsushita Elec 7¼ 02	1000	102	102⅜	–¼	6.94
Ontario 7⅜ 03	3000	102¼	102½	–¼	7.05
Oster Kontrollbank 8½ 01	200	106⅝	106¾	–¼	6.77
Portugal 5⅜ 03	1000	93⅛	94	–¼	7.01
Quebec Hydro 9¾ 98	150	105¾	106		6.58
Quebec Prov 9 98	200	103⅝	103¾	–⅛	6.54
SAS 10 99	200	106¾	107⅛	–⅛	6.83
SNCF 9½ 98	150	105⅜	105⅝	–⅛	6.36
Spain 6½ 99	1500	100¼	100½	–⅛	6.40
Sweden 6½ 03	2000	98⅜	98⅝	–⅛	6.88
Tennessee Valley 6 00	1000	97⅞	98	–¼	6.71
Tennessee Valley 6¾ 05	2000	96⅜	96⅝	–½	7.05
Tokyo Elec Power 6¼ 03	1000	96⅛	96½	–½	6.85
Toyota Motor 5⅝ 99	1500	99⅛	99⅜	–⅛	6.24
United Kingdom 7¼ 02	3000	103¼	103⅜	–⅛	6.61
Walt Disney 6⅞ 01	1300	99¼	99⅜	–⅛	6.95
World Bank 6⅝ 05	1500	98¾	99⅛	–½	6.80
World Bank 8⅛ 99	1500	106⅛	106⅜	–½	6.20
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	94	94¼		6.99
Baden-Wuertt L-Finance 6 99	2000	104¼	104½	–⅛	4.23
Credit Foncier 7¼ 03	2000	108⅜	108⅝		5.98
Denmark 6½ 99	2000	103⅜	103⅝	–⅛	3.65
Depfa Finance 6¾ 03	1500	102⅝	102¾		5.91
Deutsche Bk Fin 7½ 03	2000	107⅞	107⅞	–⅛	6.01
EEC 6½ 00	2900	105⅞	106		4.61
EIB 6¾ 00	1500	105⅛	105¼		4.63
Finland 7½ 00	3000	108⅞	109		4.55
Italy 7¼ 99	5000	104¼	104⅜		3.59
LKB Baden-Wuertt 6½ 06	2250	100½	100¾	–⅛	6.44
Norway 8¼ 99	1500	103¾	104		3.65
Ontario 6¼ 04	1500	101⅛	101⅜		6.05
Spain 7¼ 03	4000	107⅞	108	–¼	5.74
Sweden 8 07	2500	104⅞	105⅛		3.39
United Kingdom 7¼ 97	5500	104	104		3.28
Volkswagen Intl Fin 7 03	1000	105½	105¾	–⅛	5.97
World Bank 0 15	2000	35⅜	35⅝	+⅛	5.55
World Bank 5⅞ 03	3000	101¼	101⅜	–⅛	5.65
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	37⅞	38¼		5.14
Austria 4½ 00	1000	105	108⅛		2.61
Council Europe 4¾ 98	250	103½	103⅝		2.14
Denmark 4¼ 99	1000	105¼	105¼		2.41
EIB 3¼ 99	1000	102⅝	103⅛	–⅛	2.13
EIB 6¾ 04	300	114⅜	115		4.57
Finland 7¼ 99	300	112⅜	112⅝		2.91
Iceland 7⅜ 00	100	114½	114⅝	–⅛	3.81
Inter Amer Dev 4¾ 03	600	105¼	105⅜	–⅛	3.67
Ontario 6¼ 03	400	112⅝	113½	–⅛	3.95
Quebec Hydro 5 08	100	101½	102½	–⅛	4.82
SNCF 7 04	450	119¼	120½	+¼	4.06
Sweden 4¾ 03	500	105¼	105⅝	–¼	3.88
World Bank 0 21	700	27⅝	28⅝	–⅛	5.21
World Bank 7 01	600	115⅛	115¼		3.27
YEN STRAIGHTS					
Belgium 5 99	75000	110¾	111		1.54
Credit Foncier 4⅜ 02	75000	111¼	111½	+⅛	2.65
EIB 6⅝ 00	100000	116¾	117	+⅛	1.50
Ex-Im Bank Japan 4⅜ 03	105000	110⅞	111⅛	+⅛	2.65
Inter Amer Dev 7¼ 00	30000	119⅜	119⅝	+⅛	1.69
Italy 3½ 01	300000	108¼	108½	+¼	2.14
Italy 5 04	200000	116¼	115⅞	+¼	2.90
Japan Dev Bk 5 99	100000	110⅝	110⅞	+¼	1.44
Japan Dev Bk 6½ 01	120000	121	121⅛	+¼	2.02
SNCF 5¼ 00	30000	116⅝	117⅛		1.63
Spain 5¾ 02	125000	117½	117¾	+⅛	2.31
Sweden 4¾ 98	150000	105¼	105¼		0.76
World Bank 5¼ 02	250000	115⅞	115⅞	+¼	2.17
OTHER STRAIGHTS					
Credit Foncier 7.80 02 LFr	2000				
EIB 7⅛ 05 LFr	3000	105	106		5.37
World Bank 8¼ 04 LFr	2000	110½	111½		5.43
ABN Amro 6⅜ 00 R	1000	106¼	106½		4.65
Austria 6½ 99 Fl	1000	105¼	105⅝		4.11
Bell Canada 10⅜ 99 C$	150	111¾	112⅛		5.92
British Columbia 7¾ 03 C$	1250	105	105¼	+⅛	6.92
Canada Mtg & Hsg 8¼ 99 C$	1000	105⅜	105⅞		5.76
EIB 10¼ 98 C$	130	107⅜	107¾		4.85
Elec de France 8¼ 99 C$	275	110¼	110½	+⅛	5.85
KfW Int Fin 10 01 C$	400	113⅛	113½	+⅛	6.48
Nippon Tel Tel 10¼ 99 C$	200	111⅝	112		5.97
Ontario 8 03 C$	1500	108¼	108½	+⅛	6.91
Ontario Hydro 10⅜ 99 C$	500	112	112¼		5.56
Oster Kontrollbank 10¼ 98 C$	150	111¼	111⅜	+⅛	5.80
Quebec Hydro 7 04 C$	1000	98¼	98	+⅛	7.34
Quebec Prov 10½ 98 C$	200	109¼	110⅛		5.59
Council Europe 9 01 Eau	1100	114	114⅜		5.76
Credit Foncier 8¾ 04 Eau	1000	110⅝	111	–⅛	6.56
Denmark 8½ 02 Eau	1000	112⅝	113	–⅛	5.77
EC 6 00 Ecu	1100	103½

US dollar hits two-year high against the yen

MARKETS REPORT

By Richard Adams

The US dollar hit its highest level for more than two and a half years against the Japanese yen yesterday, after the pro-dollar message from the Washington meetings of the Group of Seven nations and the International Monetary Fund.

The dollar's intra-day high of Y111.660 during early trading in the US was its highest level since January 1994.

In afternoon US trading, the dollar challenged resistance around Y111.600. Analysts in London said a break to Y112.00 was possible.

Sterling also gained against the yen, moving from Y173.276 overnight, to Y174.124.

The G7 and IMF meeting in Washington was dominated by talks about European monetary union (Emu).

The D-Mark continued its fall in value against the dollar and sterling. The dollar ended at DM1.5253, up from DM1.5243. Sterling rose to DM2.3846, from DM2.3834.

Emu convergence trades remained in vogue. The lira remained below the L1,000 level against the D-Mark. It rose again on the day to end at L997.5, from L998.7.

But yesterday's biggest gainer was the Swedish krona, another candidate for membership of Emu.

It strengthened against the D-Mark to SKr4.344, from SKr4.352. The krona also gained against the dollar, from SKr6.6307 at Friday's close, to SKr6.6240 yesterday.

The full details of the Spanish budget were released yesterday, but contained few surprises. The peseta was subdued, falling slightly to Pta84.15 against the D-Mark, against last week's close of Pta84.10.

■ The US dollar had no trouble punching through its 1996 high of Y111.19 yesterday, a key technical level. And it should have no difficulty keeping above it, according to analysts.

While US interest rates appear likely to rise within the next three to six months, the signals from the Japanese economy are that rates are likely to remain unchanged for some time.

Mr Eric Nickerson, Bank of America's vice-president for currency research in Hong Kong, said the dollar was rising now because it *had the least "negatives"* compared with the other G7 economies' currencies.

"People are asking themselves, what else am I going to buy?" Mr Nickerson said.

The release of the Federal Reserve's FOMC August minutes late on Friday showed that the monetary policy committee was well aware of the market's concerns over inflation.

Mr Gary Stern, president *of the Minneapolis Fed, was* again the only FOMC member who voted for a "modestly more restrictive" monetary policy. Members debated whether a jobless rate around 5.4 per cent would lead to higher wages.

The message from Japan could not be more different. Mr Wataru Kubo, the Japanese finance minister, said at the weekend that he sees the Bank of Japan keeping its easy monetary stance to ensure the country's economic recovery.

And Mr Yasuo Matsushita, the Bank of Japan's governor, said the recent fall in long-term Japanese interest rates may be reflecting changes in sentiment towards Japan's economy.

Japan's continuing economic lethargy was seen in the preliminary August industrial production data, which showed a decline of 1.9 per cent, against forecasts of a 1.5 per cent fall.

■ The Spanish peseta was *little changed yesterday*, despite the market's conviction *that the 1997 draft budget*, unveiled yesterday, would allow the Bank of Spain to cut interest rates on Thursday.

The Bank of Spain has cut its key money market rate five times this year, from 9.0 per cent in January to its current level of 7.25 per cent.

The peseta, underpinned by surging Spanish bonds and prospects for an austere 1997 budget, has been hitting resistance levels around Pta84.00 against the D-Mark for several days.

Dealers said the Bank of Spain has operated in the market to keep it from breaching that level.

Mr Jose Maria Aznar, Spain's prime minister, reaffirmed his country's commitment *to being among* the first wave of Emu, a key platform of his campaign in the general election he won in March.

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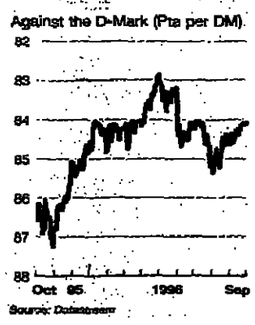
Peseta

Against the D-Mark (Pta per DM)



Source: Datastream

■ OTHER CURRENCIES

Sep 30	£	$
Czech Rp	42.1432 - 42.1960	28.9630 - 28.9830
Hungary	241.937 - 242.139	154.790 - 154.840
Iran	4691.40 - 4699.00	3000.00 - 3000.00
Kuwait	0.4687 - 0.4695	0.2999 - 0.3002
Poland	4.3867 - 4.3968	2.8066 - 2.8116
Russia	8448.03 - 8457.03	5405.00 - 5408.00
UAE	5.7404 - 5.7442	3.6727 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Sep 30		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.7755	+0.0078	682 - 827	16.7993	16.7442	16.7443	2.2	16.6893	2.5	-	-	104.7
Belgium	(BFr)	49.0752	+0.0078	313 - 190	49.1520	49.0200	48.9802	2.3	48.7902	2.3	48.0202	2.1	106.2
Denmark	(DKr)	9.1561	+0.0072	514 - 607	9.1693	9.1432	9.1424	1.8	9.122	1.5	9.0142	1.5	107.4
Finland	(FM)	7.1409	+0.0122	351 - 466	7.1500	7.1060	7.1365	0.7	7.1284	0.7	-	-	85.1
France	(FFr)	8.0691	+0.0136	659 - 723	8.0823	8.0527	8.0549	2.1	8.0309	1.9	7.9241	1.8	108.8
Germany	(DM)	2.3846	+0.0012	838 - 856	2.3884	2.3809	2.3797	2.5	2.37	2.4	2.3278	2.4	108.0
Greece	(Dr)	376.733	+0.284	558 - 907	377.125	376.167	-	-	-	-	-	-	67.3
Ireland	(IR)	0.9762	+0.0003	754 - 769	0.9779	0.9749	0.9757	0.8	0.9745	0.7	0.97	0.6	99.9
Italy	(L)	2379.57	-0.11	826 - 089	2386.76	2376.11	2385.12	-2.8	2394.97	-2.6	2427.47	-2.0	77.5
Luxembourg	(LFr)	49.0752	+0.0078	313 - 190	49.1520	49.0200	48.9802	2.3	48.7902	2.3	48.0202	2.1	106.2
Netherlands	(Fl)	2.5749	+0.0014	734 - 763	2.5784	2.5706	2.5698	2.7	2.5586	2.7	2.5091	2.5	106.3
Norway	(NKr)	10.1645	+0.0034	595 - 694	10.1803	10.1477	10.156	1.0	10.139	1.0	10.0555	1.1	98.5
Portugal	(Es)	242.491	+0.125	390 - 592	242.860	241.126	242.916	-2.1	243.821	-2.2	-	-	85.5
Spain	(Pta)	200.748	+0.366	658 - 839	200.913	200.000	201.006	-1.8	201.523	-1.5	202.923	-1.1	80.3
Sweden	(SKr)	10.3580	-0.0121	471 - 649	10.3682	10.3342	10.3568	0.0	10.3564	0.0	10.3544	0.0	80.3
Switzerland	(SFr)	1.9588	-0.004	588 - 608	1.9656	1.9581	1.9548	3.1	1.944	3.2	1.8958	3.3	110.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.0
Ecu	-	1.2515	+0.0018	509 - 520	1.2521	1.2487	1.2502	1.2	1.2472	1.4	1.2339	1.4	-
SDR†	-	1.08258	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5632	+0.0001	628 - 636	1.5650	1.5610	-	-	-	-	-	-	-
Brazil	(R$)	1.5983	+0.0005	957 - 968	1.5974	1.5931	-	-	-	-	-	-	-
Canada	(C$)	2.1298	-0.0027	288 - 307	2.1333	2.1285	2.1291	0.4	2.1254	0.8	2.1174	0.6	84.7
Mexico	(New Peso)	11.8037	+0.0129	928 - 145	11.8150	11.7782	-	-	-	-	-	-	-
USA	($)	1.5634	-0.0003	630 - 638	1.5650	1.5608	1.5628	0.5	1.5623	0.3	1.5603	0.2	97.5
Pacific/Middle East/Africa													
Australia	(A$)	1.9759	+0.0009	747 - 770	1.9773	1.9685	1.9785	-1.5	1.9835	-1.5	2.0088	-1.7	93.9
Hong Kong	(HK$)	12.0898	-0.0026	864 - 932	12.1014	12.0709	12.0817	0.8	12.0701	0.7	12.0503	0.3	-
India	(Rs)	55.7353	-0.0089	084 - 622	56.0625	55.4020	-	-	-	-	-	-	-
Israel	(Shk)	5.0106	+0.0152	052 - 159	5.0686	4.9953	-	-	-	-	-	-	-
Japan	(¥)	174.124	+0.848	040 - 207	174.470	173.300	173.389	5.0	171.909	5.1	165.494	5.0	131.2
Malaysia	(M$)	3.9187	-0.003	169 - 204	3.9236	3.9129	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2365	+0.0035	338 - 372	2.2377	2.2304	2.2405	-2.7	2.25	-2.6	2.2638	-2.2	110.6
Philippines	(Peso)	41.0158	-0.0301	506 - 810	41.0522	40.9500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8636	-0.0005	619 - 652	5.8695	5.8546	-	-	-	-	-	-	-
Singapore	(S$)	2.2015	-0.0002	001 - 028	2.2030	2.1976	-	-	-	-	-	-	-
South Africa	(R)	7.0824	+0.002	886 - 981	7.0890	7.0585	-	-	-	-	-	-	-
South Korea	(Won)	1291.37	+7.07	026 - 248	1292.49	1283.85	-	-	-	-	-	-	-
Taiwan	(T$)	42.9623	-0.0099	358 - 889	43.0093	42.9013	-	-	-	-	-	-	-
Thailand	(Bt)	39.7377	-0.0064	252 - 502	39.7710	39.6740	-	-	-	-	-	-	-

† Rates for Sep 27. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling Index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/1/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WMREUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 30		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.7301	+0.0067	282 - 320	10.7560	10.7092	10.7106	2.2	10.6696	2.3	10.4851	2.3	104.6
Belgium	(BFr)	31.3900	+0.01	700 - 100	31.4720	31.3530	31.335	2.1	31.2275	2.1	30.725	2.1	106.0
Denmark	(Dkr)	5.8565	+0.0055	550 - 580	5.8705	5.8488	5.849	1.5	5.832	1.7	5.763	1.6	106.8
Finland	(FM)	4.5675	+0.0085	650 - 700	4.5779	4.5461	4.561	1.7	4.549	1.6	4.5035	1.4	84.6
France	(FFr)	5.1613	+0.0096	605 - 620	5.1742	5.1528	5.1537	1.8	5.1398	1.7	5.0708	1.8	108.4
Germany	(DM)	1.5253	+0.001	250 - 255	1.5291	1.5233	1.5226	2.1	1.5169	2.2	1.4898	2.3	107.4
Greece	(Dr)	240.970	+0.22	920 - 020	241.430	240.620	242.645	-8.3	245.995	-8.3	259.97	-7.9	66.9
Ireland	(IR)	1.6016	-0.0007	007 - 025	1.6035	1.5975	1.6021	-0.4	1.603	-0.4	1.5945	0.4	-
Italy	(L)	1522.05	+0.17	160 - 250	1527.49	1519.65	1528.8	-3.7	1534.95	-3.4	1557.7	-2.3	77.0
Luxembourg	(LFr)	31.3900	+0.01	700 - 100	31.4720	31.3530	31.335	2.1	31.2275	2.1	30.725	2.1	106.0
Netherlands	(Fl)	1.7109	+0.0011	104 - 114	1.7150	1.7090	1.7076	2.3	1.7065	2.4	1.6687	2.5	105.9
Norway	(NKr)	6.5015	+0.0032	000 - 030	6.5175	6.4923	6.4985	0.5	6.493	0.5	6.4565	0.7	97.8
Portugal	(Es)	155.105	+0.105	080 - 130	155.490	154.370	155.42	-2.4	156.01	-2.3	158.755	-2.0	85.5
Spain	(Pta)	128.405	+0.255	380 - 430	128.580	128.090	128.655	-2.3	129.085	-2.1	130.625	-1.7	80.0
Sweden	(SKr)	6.6240	-0.0067	200 - 280	6.6368	6.6118	6.6231	0.2	6.6254	-0.1	6.6006	0.4	89.7
Switzerland	(SFr)	1.2536	-0.0023	532 - 539	1.2590	1.2528	1.2501	3.4	1.2426	3.5	1.2091	3.5	110.0
Uk	(£)	1.5634	-0.0003	630 - 636	1.5650	1.5608	1.5628	0.5	1.5623	0.3	1.5603	0.2	86.5
Ecu	-	1.2493	-0.002	490 - 495	1.2515	1.2475	1.2501	-0.7	1.2517	-0.8	1.2506	-0.9	-
SDR†	-	0.693294	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	+0.0002	999 - 999	0.9999	0.9999	-	-	-	-	-	-	-
Brazil	(R$)	1.0210	+0.0004	209 - 211	1.0212	1.0209	-	-	-	-	-	-	-
Canada	(C$)	1.3623	-0.0015	620 - 625	1.3645	1.3618	1.3621	0.1	1.3624	0.0	1.3652	-0.2	83.9
Mexico	(New Peso)	7.5500	+0.0095	450 - 550	7.5550	7.5430	7.7115	-25.7	7.8965	-18.4	9.66	-27.9	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	98.2
Pacific/Middle East/Africa													
Australia	(A$)	1.2637	+0.0008	634 - 642	1.2645	1.2612	1.2657	-1.9	1.2692	-1.7	1.2879	-1.9	95.2
Hong Kong	(HK$)	7.7330	-0.0004	328 - 332	7.7335	7.7325	7.7337	-0.1	7.7355	-0.1	7.7625	-0.4	-
India	(Rs)	35.6500	-	500 - 500	35.8500	35.4400	35.9	-5.0	36.105	-5.1	37.575	-5.4	-
Israel	(Shk)	3.2049	+0.0102	023 - 075	3.2448	3.1966	-	-	-	-	-	-	-
Japan	(¥)	111.375	+0.56	350 - 400	111.660	110.850	110.93	4.8	110.03	4.8	106.29	4.6	132.2
Malaysia	(M$)	2.5065	-0.0015	060 - 070	2.5080	2.5053	2.5074	-0.4	2.5135	-1.1	2.537	-1.2	-
New Zealand	(NZ$)	1.4298	+0.0025	292 - 306	1.4310	1.4290	1.4359	-2.6	1.4387	-2.5	1.4633	-2.3	-
Philippines	(Peso)	26.2350	-0.015	000 - 700	26.2700	26.2000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	+0.0002	504 - 506	3.7506	3.7504	3.751	-0.1	3.7517	-0.1	3.755	-0.1	-
Singapore	(S$)	1.4081	-	076 - 086	1.4087	1.4070	1.4045	2.0	1.3995	2.7	1.3731	2.5	-
South Africa	(R)	4.5365	+0.002	340 - 390	4.5390	4.5185	4.584	-12.6	4.674	-12.1	5.0115	-10.5	-
South Korea	(Won)	826.000	+4.65	500 - 500	826.500	821.800	-	-	-	-	-	-	-
Taiwan	(T$)	27.4800	-	700 - 900	27.4920	27.4690	27.486	-0.2	27.49	-0.1	-	-	-
Thailand	(Bt)	25.4175	-	160 - 190	25.4280	25.4090	25.525	-5.1	25.695	-4.4	26.3325	-3.6	-

† SDR rate per $ for Sep 27. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 27. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

September 30	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	3	3	3⅛	3⅛	3⅛	6.00	2.50	-
week ago	3⅛	3	3⅛	3⅛	3⅜	6.00	2.50	-
France	3⅜	3⅜	3⅜	3⅜	3⅜	3.35	-	4.75
week ago	3⅜	3⅜	3⅜	3⅜	3⅜	3.35	-	4.75
Germany	3⅛	3⅛	3⅛	3⅛	3⅛	4.50	2.50	3.00
week ago	2⅝	3⅛	3⅜	3⅜	3⅛	4.50	2.50	3.00
Ireland	5½	5⅝	5⅝	5⅝	6⅛	-	-	6.25
week ago	5⅝	5⅝	5¾	5¾	6⅛	-	-	6.25
Italy	8¼	8¼	8⅛	7⅞	7¾	-	8.25	8.22
week ago	8⅛	8⅛	8⅛	8⅛	7⅞	-	8.25	8.50
Netherlands	2⅝	2⅝	2⅝	2⅝	3⅛	-	3.00	3.30
week ago	2¾	2⅝	2⅝	2⅝	3⅛	-	3.00	3.30
Switzerland	1¼	1⅜	1¼	1⅛	1⅝	-	1.00	-
week ago	1¼	1⅜	1⅜	1⅜	1⅛	-	1.50	-
US	5⅜	5¼	5⅛	5⅛	5⅝	-	5.00	-
week ago	5⅜	5¼	5⅛	5⅛	6⅛	-	5.00	-
Japan	½	½	⅝	⅝	⅝	-	0.50	-
week ago	½	½	½	½	⅝	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5¼	5⅛	5⅛	5⅛	-	-	-
week ago	-	5¼	5⅛	5⅛	6⅛	-	-	-
US Dollar CDs	-	5.14	5.21	5.33	5.58	-	-	-
week ago	-	5.14	5.30	5.45	5.75	-	-	-
ECU Linked Da	-	4⅛	4⅛	4⅛	4¼	-	-	-
week ago	-	4⅛	4⅛	4⅛	4⅛	-	-	-
SDR Linked De	-	3⅛	3⅛	3⅛	3⅜	-	-	-
week ago	-	3⅛	3⅛	3⅛	3⅜	-	-	-

$ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Do).

EURO CURRENCY INTEREST RATES

Sep 30	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 3	3⅛ - 3	3⅜ - 3⅛
Danish Krone	3½ - 3⅜	3⅝ - 3½	3¾ - 3⅝	3⅞ - 3⅝	3⅝ - 3½	4 - 3⅞
D-Mark	3⅛ - 2⅞	3⅛ - 3	3⅛ - 3	3⅛ - 3	3⅛ - 3	3⅛ - 3⅛
Dutch Guilder	2⅞ - 2⅝	2⅞ - 2⅝	2⅞ - 2⅝	2⅞ - 2⅝	2⅞ - 2⅝	3⅛ - 2⅞
French Franc	3⅛ - 3⅜	3⅛ - 3⅜	3⅛ - 3¼	3⅜ - 3⅜	3⅜ - 3¼	3¾ - 3⅜
Portuguese Esc.	7⅜ - 6¾	7⅜ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	7 - 6¾	7 - 6¾
Spanish Peseta	7⅛ - 7⅜	7⅛ - 7⅜	7 - 6⅞	6⅞ - 6¾	6⅞ - 6¾	6⅞ - 6¾
Sterling	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅝ - 5½	5⅝ - 5½	6¼ - 6⅛
Swiss Franc	1⅜ - 1¼	1⅜ - 1¼	1⅜ - 1¼	1⅛ - 1⅛	1⅛ - 1⅛	1⅜ - 1⅜
Can. Dollar	4⅛ - 3⅞	4 - 3⅞	4 - 3⅞	4⅛ - 3⅞	4⅛ - 4⅛	4⅛ - 4⅜
US Dollar	5¼ - 5	5¼ - 5	5⅛ - 5¼	5⅛ - 5⅛	5¼ - 5⅛	6 - 5⅜
Italian Lira	8½ - 7⅝	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅝
Yen	½ - ⅜	½ - ⅜	½ - ⅜	½ - ⅜	½ - ⅜	⅝ - ½
Asian $Sing	3⅜ - 3¼	3½ - 3⅜	3¼ - 3⅛	3¼ - 3⅛	3¼ - 3⅛	3⅜ - 3⅜

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF)Paris Interbank offered rate (FFr 5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.29	96.31	-0.01	96.31	96.27	17,544	66,889
Mar	96.23	96.26	-	96.26	96.23	3,316	37,701
Jun	96.12	96.16	-	96.16	96.12	1,522	25,250

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.84	96.85	+0.01	96.86	96.83	13281	212142
Mar	96.78	96.78	-	96.79	96.76	12524	216323
Jun	96.61	96.60	-0.01	96.61	96.59	8596	160064
Sep	96.35	96.34	-0.01	96.35	96.33	7490	133607

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.30	92.28	-0.02	92.30	92.19	21370	54409
Mar	92.74	92.75	-0.01	92.76	92.66	6365	30635
Jun	92.88	92.95	-	92.95	92.86	2056	26176
Sep	92.94	92.98	-	92.98	92.89	1452	12464

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.39	98.37	-0.04	98.40	98.35	3617	41047
Mar	98.32	98.29	-0.05	98.33	98.26	1192	21301
Jun	98.07	98.07	-0.06	98.09	98.05	829	8998
Sep	97.80	97.77	-0.06	97.80	97.77	213	2454

■ **THREE MONTH EUROYEN FUTURES** (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.38	99.38	+0.02	99.38	99.38	10	n/a
Mar	99.23	99.22	+0.03	99.23	99.22	151	n/a
Jun	99.04	99.03	+0.04	99.04	99.04	50	n/a

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est vol	Open int.
Dec	95.85	95.84	-0.02	95.85	95.82	335	8967
Mar	95.82	95.82	-0.01	95.82	95.81	179	3606
Jun	95.74	95.74	-0.02	95.74	95.72	148	2774
Sep	95.61	95.58	-0.01	95.61	95.56	168	2125

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 30		BFr	DKr	FFr	DM	IE	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.68	16.44	4.860	1.989	4848	5.451	20.71	494.2	499.0	21.11	3.994	2.038	4.341	3.185	354.8	2.549
Denmark	(DKr)	53.59	10	8.813	2.605	1.066	2598	2.922	11.10	264.9	219.2	11.31	2.141	1.092	2.326	1.707	190.1	1.365
France	(FFr)	60.81	11.35	10	2.956	1.210	2948	3.315	12.59	300.5	248.7	12.84	2.429	1.239	2.640	1.937	215.8	1.550
Germany	(DM)	20.57	3.839	3.383	1	0.409	997.5	1.122	4.260	101.7	84.15	4.344	0.822	0.419	0.893	0.655	73.00	0.525
Ireland	(IE)	50.26	9.381	8.267	2.444	1	2438	2.741	10.41	248.5	205.6	10.61	2.008	1.025	2.182	1.601	178.4	1.282
Italy	(L)	2.063	0.385	0.339	0.100	0.041	100.	0.112	0.427	10.19	8.436	0.435	0.082	0.042	0.090	0.066	7.318	0.053
Netherlands	(Fl)	18.34	3.423	3.016	0.892	0.365	889.3	1	3.798	90.65	75.03	3.873	0.733	0.374	0.796	0.584	65.08	0.468
Norway	(NKr)	48.30	9.012	7.942	2.347	0.961	2342	2.633	10	238.7	197.5	10.20	1.929	0.984	2.096	1.538	171.4	1.231
Portugal	(Es)	20.24	3.778	3.327	0.984	0.402	981.0	1.103	4.190	100.	82.75	4.272	0.808	0.412	0.878	0.645	71.79	0.515
Spain	(Pta)	24.45	4.562	4.020	1.188	0.486	1185	1.333	5.062	120.8	100.	5.162	0.977	0.498	1.061	0.779	86.75	0.623
Sweden	(SKr)	47.36	8.838	7.789	2.302	0.942	2296	2.582	9.807	234.1	193.7	10	1.892	0.965	2.056	1.509	168.1	1.208
Switzerland	(SFr)	25.04	4.671	4.117	1.217	0.498	1214	1.365	5.184	123.7	102.4	5.286	1	0.510	1.087	0.797	88.83	0.638
UK	(£)	49.07	9.156	8.069	2.385	0.976	2379	2.675	10.18	242.5	200.7	10.36	1.960	1	2.130	1.563	174.1	1.251
Canada	(C$)	23.04	4.299	3.788	1.120	0.458	1117	1.256	4.770	113.8	94.23	4.864	0.920	0.469	1	0.734	81.74	0.587
US	($)	31.39	5.858	5.163	1.526	0.624	1522	1.711	6.500	155.2	128.4	6.628	1.254	0.640	1.363	1	111.4	0.800
Japan	(¥)	28.18	5.259	4.635	1.370	0.561	1366	1.536	5.836	139.3	115.3	5.951	1.126	0.574	1.223	0.898	100.	0.719
Ecu		39.22	7.319	6.450	1.906	0.780	1902	2.138	8.122	193.8	160.4	8.281	1.567	0.799	1.705	1.249	139.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6595	0.6588	-0.0006	0.6598	0.6573	14,661	66,836
Mar	0.6618	0.6632	-0.0005	0.6632	0.6618	269	1,384
Jun	0.6656	0.6656	-0.0024	0.6665	0.6656	2	2,112

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

Dec	0.8023	0.8045	+0.0019	0.8045	0.8010	10,632	39,578
Mar	0.8098	0.8117	+0.0010	0.8120	0.8098	173	1,559
Jun	-	0.8199	+0.0008	0.8199	-	10	86

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

Dec	0.9118	0.9069	-0.0049	0.9118	0.9049	12,093	72,634
Mar	0.9170	0.9185	-0.0054	0.9185	0.9170	7	1,602
Jun	-	0.9360	-	-	-	4	193

■ **STERLING FUTURES** (IMM) £62,500 per £

Dec	1.5646	1.5630	-0.0004	1.5646	1.5602	4,615	39,381
Mar	-	1.5620	-0.0014	-	1.5598	3	77
Jun	-	1.5620	-

COMMODITIES AND AGRICULTURE

India faces higher bill for crude oil imports as production falls

By Tony Tassell in Bombay

India's crude oil import bill is to set to rise because of a forecast sharp fall in production by the country's dominant crude producer, the Oil and Natural Gas Corporation.

The company warned late last week that its production of crude oil was expected to fall by 2.5m tonnes to 29.2m tonnes in the current fiscal year to March and remain static around this level in 1997-98.

Analysts said the fall could add $385m to the country's annual import bill, which was already set to rise following increases in crude prices. One analyst with a Hong Kong-based broker said the two factors combined could see last year's import bill of about $7.5bln rise by about 10 per cent.

Officials at ONGC, which produces 90 per cent of India's output, said the production fall followed extensive "rehabilitation" work on its ageing oilfield facilities, particularly in the western offshore region near Bombay. This work is likely to continue through the next fiscal year.

Production in the current fiscal year also has been hit by a prolonged monsoon season and lower-than-expected output from the new Neelam field near Bombay.

On the positive side, however, ONGC officials said the Ravva offshore oilfield on the east coast of India was expected to be commissioned by the end of the fiscal year. The field is being developed as a joint venture between ONGC, Command Petroleum and the Tata Group.

ONGC is also expanding its international operations. Its subsidiary ONGC Videsh already has a stake in a natural gas field offshore Vietnam at Daihung, which is being developed as a joint venture with BP and State Oil. ONGC Videsh has estimated its share of the gas reserves contained in the field at about 31.8bn cubic metres.

In addition, ONGC Videsh is carrying out exploration projects in Yemen, Tunisia and Egypt and it expects to acquire "a few exploration and production acreages" in Kazakhstan, the US, Africa and the Middle East before the end of 1995-96.

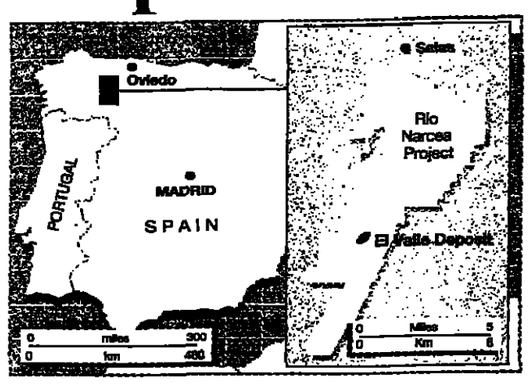
Comeback planned for Spanish gold

By Kenneth Gooding, Mining Correspondent, in Denver

Spain's Asturias region, whose gold mines 2,000 years ago provided the Roman Empire with much of its wealth, is once again to become a substantial gold producer. Work begins this month on the US$45m El Valle project, the first modern gold mine in the area. It is scheduled to produce about 100,000 troy ounces a year.

Rio Narcea Gold Mines, the company behind the project, announced yesterday that a feasibility study showed the venture to be viable. It aims to arrange $25m to $30m of project finance by the end of this year and more equity finance within two months.

SBC Warburg, the investment bank, has been hired to help and to steer the company, at present quoted in Toronto, to a listing on the Madrid stock exchange.



The historian Plinny recorded that at one time 60,000 slaves were employed in the Spanish gold mines. Although the ore Rio Narcea will be mining is relatively high grade – containing 5.5 grams a tonne – the Romans missed the gold because it is disseminated in very fine grains through the rock and is invisible to the naked eye.

Mr Chris von Christierson, Rio Narcea's chairman, said all permitting was in place, construction was about to begin and he hoped that El Valle, where three open pits will be mined, would pour its first gold late in 1997 or early 1998.

The mine would employ directly about 300 people in an area where reported unemployment is 22 per cent. At present the mine life is estimated at ten years but the company hopes to find more gold in the area.

The feasibility study, by Minproc of Denver, shows that the company's geologic resources on the land it holds on the gold belt situated in the valley of the River Narcea, 15kms south of the town of Salas, contains 2.1m ounces. However, in August the company made another promising discovery nearby, which it calls Black Skarn, which was not covered in the study.

Mr Christierson said that, even without the Black Skarn potential, he hoped that the company's annual gold output could be lifted to between 130,000 and 150,000 ounces a year or two after El Valle starts production. This is because tests on ore at the Carles deposit, 10kms north of El Valle, show it could be treated on the same plant. Rio Narcea has moved three drills to Carles to confirm and upgrade the 540,000 ounces of reserves already indicated by work completed by Anglo American Corporation of South Africa in 1991.

"With about 1.5km of existing underground mine development, Carles could provide a significant increase in the company's gold production," he said.

The feasibility study suggests that the average cash operating cost over the life of mine will be $141 an ounce, or $186 when continuing pre-stripping costs are included. The study sees the pre-production capital being paid back in 3.3 years if the gold price is $390 an ounce.

At present the biggest shareholder in Rio Narcea is Mr Oren Benton, the Denver entrepreneur whose international uranium trading empire crashed last year. His 28 per cent, worth about C$51m (US$37m), is likely to be sold in a controlled way to pay his creditors. Hulles del Coto Cortes, the state-owned but quoted Asturian coal producer, which has 20 per cent of Rio Narcea, has first right of refusal on Mr Benton's shares.

Good summer harvest expected

By Kunal Bose in Calcutta

India is set to harvest a kharif (summer) foodgrain crop of about 104m tonnes in the 1996-97 (April-March) season, up 6.34m tonnes on the previous year, according to official forecasts.

An excellent south-west monsoon is expected to help production of rice, India's most important summer food crop, to rise by 2m tonnes to 72m and coarse cereals like maize, jowar, bajra and small millets to post a total gain of 3m tonnes at 26m. That will reverse the trend of the preceding few years, during which production of coarse cereals fell as land was diverted to other crops like sugar-cane.

Production of pulses, mostly grown in marginal and submarginal land and are highly prone to disease and pest attack, is estimated to be up 1m tonnes at 6m.

The agriculture ministry feels that since the good monsoon is leaving a high level of water in almost all reservoirs and a good degree of moisture in the fields, India should be able to able to achieve a winter (rabi) foodgrain harvest of 94.28m tonnes.

So the total foodgrain production for the current year could be 198.28m tonnes, up 7.88m tonnes over the 1995-96 production of 190.4m tonnes, provided the winter rains do not fail.

● New government figures show that India's foodgrains output dropped by a surprise 6m tonnes in 1995-96 to 185m, the second consecutive annual decline, writes Lisa Vaughan in New Delhi.

The latest calculations, based on fresh information from states and not yet officially published, indicated that wheat production declined in 1995-96 by 4.4 per cent to 62.6m tonnes, rice output by 2 per cent to 79.5m tonnes and coarse grains output by 1.3 per cent to 30m tonnes. Production of pulses fell a steep 8 per cent to 13m tonnes.

The overall output decline was caused by poor distribution of monsoon rains, flooding in some rice areas, diversion of lands to more lucrative crops and changes in fertiliser use, government officials said.

The 3.2 per cent fall in foodgrains production could result in a decline in Indian wheat exports and require increased imports of pulses this year, agriculture analysts predicted.

Mr Anil Sharma, a senior economist with Delhi's National Council of Applied Economic Research, said: "If there was an 8 per cent fall in pulses production, imports may touch around 1m tonnes". India imports about 600,000 tonnes a year of pulses, mostly dried peas and chickpeas, from Australia, Burma and Turkey.

The country has only recently begun selling wheat abroad, and only in small quantities. The wheat export quota for 1996-97 was 1.5m tonnes. Rice exports, which reached 5.5m tonnes last year, making India the second largest exporter, are not expected to be affected.

But a lower foodgrains crop last year was not a serious problem, because stocks were still above minimum levels that would assure food security, Mr Sharma said. India's agricultural goal is food self-sufficiency, to ensure availability of food to its 916m people at affordable, subsidised prices.

Scottish salmon farmers urged to concentrate on their own efficiency

By James Buxton, Scottish Correspondent

Salmon farmers in Scotland, who are backing a European Commission investigation into claims that Norwegian farmers are dumping salmon on the European market, were urged yesterday to concentrate on further improving their own production performance.

Mr Donald MacRae, an economist with TSB Bank Scotland, said a long-term solution to the volatile of European salmon prices was unlikely because of political factors and the time taken to mount formal investigations.

"While it makes sense to lobby collectively for political solutions, each individual salmon farming business [in Scotland] must singlemindedly target an annual increase in production efficiency to keep ahead of competitors not just in Europe but in Norway," Mr MacRae wrote in the bank's latest agricultural bulletin.

Last month the European Commission agreed to open anti-dumping proceedings against Norwegian salmon farmers at the request of Scottish growers, who say artificially cheap imports are ruining their industry. Farmed salmon from Norway is being sold in European Union states at prices up to 30 per cent below the cost of production, the Scottish growers claim, driving prices to levels 20 per cent lower than a year ago.

Norway, which is not a member of the EU, is the dominant salmon farming country in Europe, with expected production this year of more than 300,000 tonnes, compared with Scotland's 80,000 tonnes.

The Scots claim Norwegian companies receive government subsidies of £450 to £500 a tonne.

All the Scottish claims are strongly denied by Norwegian salmon farmers.

The EU investigation is expected to take nine months. The EU has been reluctant to impose strong measures against Norway's salmon producers on more than a short-term basis because of the differing political priorities of member states.

Mr MacRae said that an analysis of the results of Scottish salmon companies between 1992 and 1994 showed they regained profitability in 1993, 1994 and 1995, after losing money in 1991 and 1992, when there was another serious crisis involving Norway. The favourable trend continued in 1995, he said.

The technical performance of Scottish salmon farmers also improved, with a 55 per cent increase in technical efficiency, including control of disease, between 1991 and 1995, and a 54 per cent increase in the average weight of each fish over the past 10 years.

Mr MacRae said, while prices were important, the main reason for the Scottish farmers' recovery was improved technical performance.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1348-49	1383-84
Previous	1378.5-79.5	1413-14
High/low	1354.5	1402/1375
AM Official	1354.5-55.0	1389.5-90.0
Kerb close		1377-77.5
Open int.	214,821	
Total daily turnover	69,560	

ALUMINIUM ALLOY ($ per tonne)

Close	1205-15	1230-35
Previous	1220-25	1243-45
High/low		1235/1230
AM Official	1205-10	1230-35
Kerb close		1225-30
Open int.	5,120	
Total daily turnover	1,346	

LEAD ($ per tonne)

Close	758-59	762.5-63.5
Previous	780-2	782-4
High/low		773/753
AM Official	764.5-65.0	767-68
Kerb close		756-57
Open int.	38,346	
Total daily turnover	10,157	

NICKEL ($ per tonne)

Close	7000-10	7100-105
Previous	7150-60	7260-70
High/low	7060/7055	7230/7050
AM Official	7055-60	7168-70
Kerb close		7100-10
Open int.	41,571	
Total daily turnover	16,608	

TIN ($ per tonne)

Close	5945-55	6010-20
Previous	6015-25	6075-80
High/low	5980	6070/6010
AM Official	5975-80	6040-45
Kerb close		6010-20
Open int.	15,938	
Total daily turnover	4,496	

ZINC, special high grade ($ per tonne)

Close	992.5-93.5	1018-19
Previous	999.5-1000.5	1025.5-26
High/low	991/990	1023/1015
AM Official	990.5-91.0	1016-16.5
Kerb close		1016-17
Open int.	73,658	
Total daily turnover	19,365	

COPPER, grade A ($ per tonne)

Close	1942-44	1943-44
Previous	1970.5-72.5	1969.5-70.5
High/low	1938	1947/1923
AM Official	1937-38	1938-40
Kerb close		1929-30
Open int.	177,629	
Total daily turnover	68,020	

LME AM Official £/$ rate: 1.5624
LME Closing £/$ rate: 1.5656

Spot: 1 5653 3 mths: 1.5642 6 mths: 1.5636 9 mths: 1.5632

HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open Int
Oct	91.05	–0.95	91.50	90.50	1,229	2,865
Nov	90.35	–1.20	90.90	90.50	97	1,706
Dec	90.10	–1.15	91.40	89.50	7,690	23,984
Jan	89.80	–1.05	90.00	89.50	27	1,223
Feb	89.35	–1.15	90.30	90.30	2	835
Mar	88.95	–1.20	89.90	88.80	975	9,030
Total					10,121	53,583

PRECIOUS METALS

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	378.50-378.80		
Opening	380.20-380.50		
Morning fix	379.30	242.566	476.401
Afternoon fix	379.00	242.513	475.077
Day's High	380.20-380.50		
Day's Low	378.40-378.70		
Previous close	380.80-381.20		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.80	6 months	3.99
2 months	3.77	12 months	3.84
3 months	3.94		

Silver Fix	p/troy oz.	US cts equiv.
Spot	312.30	488.10
3 months	316.40	494.20
6 months	320.35	500.20
1 year	328.90	513.10

Gold Coins	$ price	£ equiv.
Krugerrand	386-389	247-249
Maple Leaf	389.50-386.05	
New Sovereign	86-90	55-58

Precious Metals continued

GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Vol	Open Int
Oct	377.7	–2.0	379.8	377.2	3,252	1,162
Dec	380.5	–2.3	383.1	380.1	34,129	111k
Feb	382.5	–2.4	384.0	382.1	547	14,267
Apr	384.6	–2.4	385.8	384.8	2,706	11,100
Jun	387.0	–2.4	388.0	386.5	234	11,514
Aug	389.4	–2.5	–	–	197	4,011
Total					41,011	185,898

PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Oct	384.8	–1.2	385.0	383.5	2,958	3,338
Jan	386.6	–1.5	387.5	386.0	3,958	18,302
Apr	389.5	–1.5	391.0	389.0	696	7,035
Jul	392.5	–1.5	394.0	393.5	21	649
Oct	396.0	–1.5	399.0	397.0	25	44
Total					7,636	29,368

PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Dec	119.75	–0.25	120.50	119.50	438	7,635
Mar	120.65	–0.25	121.50	121.50	25	213
Jun	121.70	–0.25	–	–	5	115
Total					247	7,963

SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

Oct	482.9	–4.3	483.0	480.0	12	10
Dec	487.7	–4.3	493.0	486.0	15,807	68,615
Jan	490.3	–4.3	–	–	2	26
Mar	495.2	–4.3	497.0	493.5	179	11,187
May	500.1	–4.3	501.5	500.0	15	6,408
Jul	505.1	–4.3	505.5	505.5	19	4,902
Total					16,076	97,739

ENERGY

CRUDE OIL NYMEX (1,000 barrels. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open Int
Nov	24.50	–0.10	24.80	24.20	27,346	84,447
Dec	23.92	–0.04	24.15	23.82	13,953	65,826
Jan	23.27	–0.03	23.45	23.07	5,910	42,649
Feb	22.85	–0.04	22.81	22.50	4,568	27,859
Mar	22.08	–0.09	22.25	21.95	2,841	17,874
Apr	21.73	–0.02	21.77	21.67	1,990	14,091
Total					88,913	397,224

CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open Int
Nov	23.09	–0.38	23.63	23.09	16,406	55,368
Dec	22.80	–0.30	23.08	22.60	9,684	44,182
Jan	22.02	–0.23	22.36	22.02	2,636	23,047
Feb	21.42	–0.21	21.75	21.42	1,047	13,753
Mar	20.83	–0.17	21.05	20.83	656	14,292
Apr	20.34	–0.12	20.44	20.34	170	5,069
Total					33,558	171,103

HEATING OIL NYMEX (42,000 US gals.; c/US gals.)

	Latest price	Day's change	High	Low	Vol	Open Int
Oct	71.90	+0.41	72.70	70.95	15,987	11,082
Nov	71.25	+0.18	71.80	70.40	17,940	44,515
Dec	70.15	+0.05	70.60	69.40	5,840	29,720
Jan	69.20	+0.15	69.85	67.95	3,202	22,722
Feb	66.20	–0.20	66.70	66.00	1,528	12,008
Mar	63.25	–0.05	63.60	62.95	336	5,418
Total					46,080	145,405

GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open Int
Oct	232.50	+4.00	234.50	231.50	7,296	22,609
Nov	223.25	+4.00	225.25	222.50	6,202	16,774
Dec	215.50	+3.75	217.00	214.50	4,379	17,226
Jan	208.25	+3.50	209.50	207.75	2,075	12,622
Feb	200.00	+2.75	201.50	200.00	548	2,994
Mar	191.00	+1.50	193.25	193.00	58	3,775
Total					21,643	98,441

NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open Int
Nov	2.225	+0.044	2.240	2.161	11,687	28,616
Dec	2.380	+0.025	2.400	2.345	3,388	20,810
Jan	2.395	+0.018	2.410	2.375	1,302	17,294
Feb	2.330	+0.020	2.340	2.305	850	9,940
Mar	2.220	+0.012	2.235	2.205	-558	7,429
Apr	2.086	+0.009	2.091	2.070	187	5,188
Total					18,922	131,115

UNLEADED GASOLINE NYMEX (42,000 US gals.; c/US gals.)

	Latest price	Day's change	High	Low	Vol	Open Int
Oct	63.50	–1.10	64.70	62.95	11,034	7,698
Nov	63.20	–0.89	64.05	62.80	10,332	24,327
Dec	62.70	–0.57	63.50	62.45	2,241	11,168
Jan	62.00	–0.77	62.80	62.00	1,080	8,269
Feb	61.75	–	61.75	61.00	293	2,401
Mar	62.00	–	62.00	62.00	37	1,251
Total					25,137	66,040

GRAINS AND OIL SEEDS

WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open Int
Nov	103.65	–0.95	104.25	103.50	269	1,775
Jan	105.40	–1.00	105.80	105.35	73	2,086
Mar	107.00	–1.00	107.75	107.00	85	1,325
May	109.00	–1.00	109.50	109.00	72	1,006
Jul	111.00	–1.00	111.50	111.50	1	138
Total					512	6330

WHEAT CBT (5,000bu min; cents/60lb bushel)

Dec	436.00	+4.50	436.50	425.00	7,634	45,770
Mar	422.50	+0.50	425.00	415.50	2,377	13,787
May	401.50	–3.50	405.00	398.00	129	1,250
Jul	378.75	–5.25	383.00	377.00	351	5,851
Sep	382.00	–5.00	388.00	387.00	–	115
Dec	388.00	–3.00	394.00	391.00	–	92
Total					10,488	66,903

MAIZE CBT (5,000 bu min; cents/56lb bushel)

Dec	296.75	–6.50	303.00	294.00	38,537	186,293
Mar	304.00	–6.50	310.00	301.75	8,041	85,907
May	310.75	–6.25	316.00	308.50	4,780	28,913
Jul	314.00	–5.75	319.00	311.25	3,141	21,409
Sep	298.00	–5.00	300.50	297.50	186	2,725
Dec	289.50	–4.25	292.25	287.50	1,895	14,539
Total					58,577	319,985

BARLEY LIFFE (£ per tonne)

Nov	101.00	–1.25	101.50	101.00	40	968
Jan	102.00	–1.25	102.75	102.25	35	711
Mar	103.50	–1.25	104.25	104.25	10	186
May	105.00	–1.25	105.75	105.50	15	80
Total					100	1,945

SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Nov	758.00	–25.25	778.50	755.50	34,489	114,983
Jan	767.00	–23.50	785.25	764.00	5,127	31,272
Mar	773.75	–22.75	791.00	770.00	2,004	18,343
May	777.25	–18.50	784.00	772.00	1,850	15,402
Jul	777.50	–18.50	791.50	774.00	1,295	12,498
Aug	771.50	–17.50	773.00	772.00	3	248
Total					45,801	196,697

SOYABEAN OIL CBT (60,000lbs; cents/lb)

Oct	23.86	–0.59	24.45	23.79	8,201	6,743
Dec	24.19	–0.88	24.83	24.16	12,940	49,100
Jan	24.47	–0.87	24.80	24.48	2,842	10,645
Mar	24.87	–0.54	25.25	24.88	1,156	11,389
May	25.27	–0.54	25.45	25.22	880	7,238
Jul	25.60	–0.50	26.00	25.57	221	1,710
Total					25,592	88,619

SOYABEAN MEAL CBT (100 tons; $/ton)

Oct	254.5	–7.9	262.4	253.3	9,930	16,877
Dec	249.7	–7.0	255.5	248.5	12,429	45,991
Jan	248.2	–6.9	251.0	247.8	2,250	9,649
Mar	245.8	–7.2	250.0	245.8	1,010	11,838
May	243.0	–6.6	246.0	243.3	976	7,412
Jul	242.7	–6.3	245.5	242.0	386	3,147
Total					27,113	98,426

POTATOES LIFFE (£/tonne)

Nov	37.5	+1.5	–	–	–	–
Mar	75.5	+1.5	–	–	–	–
Apr	71.7	+1.7	73.5	71.5	51	1,296
May	79.7	+1.7	–	–	–	17
Jun	88.2	+1.7	–	–	–	–
Total					51	1,313

FREIGHT (BIFFEX) LIFFE ($10/index point)

Sep	996	+1	995	995	1	773
Oct	1125	–5	1140	1122	92	1,685
Nov	1190	–7	1205	1190	33	521
Jan	1215	–15	1240	1215	94	1,204
Apr	1231	–13	–	–	–	497
Jul	1095	–5	1095	1095	25	77
Total					244	4,828

	Close	Prev
BFI	1000	998

FUTURES DATA
All futures data supplied by CMS.

Tea
There was fairly good demand this week reports the Tea Broker's Association. Landed good liquoring Assams met less competition and prices were often much lower. Mediums also came to an easier market, falling 4-8p/kg, following quality with some withdrawals. Brightest East Africans remained firm with the exception of pd's which were easier. Good mediums advanced 1-3p and colourly mediums were generally steady. Offshore less demand at easier rates. Quotations: landed best available: 160-180p/kg, good: 135p/kg, good medium: 120p/kg, medium: 109p/kg, low medium: not quoted, the highest price realised this week was 180p/kg for a North Indian pf.

SOFTS

COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open Int
Sep	966	+18	976	958	127	131
Dec	986	–6	999	982	2,795	32,249
Mar	1011	–4	1025	1009	4,324	39,598
May	1022	–6	1036	1022	733	20,785
Jul	1036	–7	1049	1036	41	11,265
Sep	1051	–5	1060	1050	149	3,797
Total					11,175	131,575

COCOA CSCE (10 tonnes; $/tonnes)

Dec	1377	–7	1388	1374	4,957	30,222
Mar	1405	–7	1413	1404	1,235	17,614
May	1423	–7	1427	1427	51	8,137
Jul	1440	–7	1446	1440	39	6,118
Sep	1460	–3	1470	1458	17	5,485
Dec	1484	–3	–	–	6	684
Total					6,250	78,728

COCOA (ICCO) (SDR's/tonne)

Sep 27	Price	Prev. day
Daily	1037.90	1032.30

COFFEE LIFFE ($/tonne)

Sep	1488	–67	1555	1521	113	282
Nov	1468	–17	1500	1475	1,972	14,536
Jan	1433	–17	1445	1415	941	7,199
Mar	1398	–19	1405	1380	319	3,963
May	1380	–20	1390	1370	216	1,538
Jul	1375	–21	1388	1388	8	232
Total					3,661	27,767

COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Dec	102.95	–2.30	104.70	102.25	3,213	13,411
Mar	99.50	–1.80	101.20	99.00	948	5,010
May	99.35	–2.00	100.75	99.15	285	2,090
Jul	99.95	–1.05	100.25	99.25	72	759
Sep	99.85	–1.85	100.00	100.00	1	228
Dec	100.00	–1.85	101.00	100.00	2	295
Total					4,534	21,793

COFFEE (ICO) (US cents/pound)

Sep 27		Prev. day
Comp. daily	94.70	94.70
15 day average	95.73	96.06

WHITE SUGAR LIFFE ($/tonne)

Dec	324.6	–0.4	327.5	324.5	488	11,248
Mar	321.8	+0.5	323.5	321.4	414	9,505
May	322.1	+0.3	323.5	322.0	161	4,075
Aug	325.1	–0.2	326.5	325.3	129	1,250
Oct	318.7	+0.1	320.0	319.4	27	856
Dec	321.2	–0.4	322.0	321.1	9	266
Total					1,239	27,398

SUGAR '11' CSCE (112,000lbs; cents/lbs)

Oct	11.47	+0.43	11.55	11.12	6,220	5,379
Mar	10.89	+0.22	10.94	10.72	25,987	87,950
May	10.82	+0.16	10.85	10.69	5,103	23,628
Jul	10.66	+0.11	10.67	10.58	2,366	16,140
Oct	10.67	+0.09	10.68	10.58	2,326	9,769
Mar	10.56	–	10.57	10.53	884	2,586
Total					42,876	146,811

COTTON NYCE (50,000lbs; cents/lbs)

Oct	74.76	–0.72	75.70	74.50	35	828
Dec	75.68	–0.51	75.90	75.30	4,222	31,034
Mar	76.90	–0.52	77.20	76.55	328	9,988
May	77.55	–0.61	77.65	77.25	263	6,717
Jul	78.05	–0.60	78.30	77.85	85	4,770
Oct	78.20	–0.20	78.32	78.02	32	1,004
Total					5,918	58,315

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Nov	115.15	+1.45	115.25	112.50	1,487	7,046
Jan	108.80	–1.70	110.30	108.50	617	6,193
Mar	110.65	–1.15	111.50	109.50	227	2,840
May	112.30	–1.25	112.70	112.70	29	870
Jul	114.30	–1.50	114.70	114.10	106	251
Sep	115.30	–1.50	–	–	–	234
Total					2,466	17,325

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

REUTERS (Base: 18/9/31=100)

Sep 30	Sep 27	month ago	year ago
1862.5	1900.7	1983.0	2092.0

CRB Futures (Base: 1967=100)

Sep 27	Sep 26	month ago	year ago
245.84	246.49	-	-

GSCI Spot (Base: 1970=100)

Sep 27	Sep 26	month ago	year ago
208.18	204.34	196.70	180.44

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open Int
Oct	73.325	–0.025	73.550	73.000	4,780	25,372
Dec	68.150	+0.45	68.250	67.600	4,029	35,033
Feb	64.900	+0.1	65.025	64.600	1,389	18,457
Apr	66.425	+0.075	66.500	66.200	966	8,007
Jun	64.075	+0.025	64.250	63.900	324	3,806
Aug	64.000	–0.025	64.250	63.925	314	4,154
Total					11,815	93,291

LIVE HOGS CME (40,000lbs; cents/lbs)

Oct	57.725	+0.375	58.575	57.700	2,523	6,323
Dec	57.300	+0.75	58.050	57.150	3,396	15,901
Feb	77.525	+1.450	77.775	76.800	1,183	5,286
Apr	73.350	+0.850	73.750	72.850	406	2,218
Jun	77.650	+0.925	77.700	76.725	710	2,506
Jul	74.650	+0.825	74.700	74.100	78	597
Total					8,425	32,411

PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	78.125	+0.55	79.550	77.800	1,479	4,381
Mar	78.100	+0.6	79.450	77.875	105	855
May	79.550	+0.45	80.550	79.400	58	333
Jul	79.600	+0.825	79.900	79.450	11	128
Aug	78.000	+0.4	77.750	76.750	2	27
Total					1,657	5,724

LONDON TRADED OPTIONS

Strike price $ tonne	— Calls — Nov	Feb	— Puts — Nov	Feb

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd
Pembroke Hall, Pembroke, Bermuda
PO Post Address 0809 434161 — Telex: 91534 FIDEX BM
Hong Kong Dealing 852 2521 1000

Int Account	$	10.5.072	+0.002	5.50
Sterling Account	£	Int£145.62	+0.06	2.00
DM Account	DM	DM112.29	+0.01	3.50
Yen Account	¥	¥1618.370	+0.003	3.10
HK Account	HK$	HK$8.276		2.00
US Account	$	US$1.830	+0.001	1.70
ECU Account	ECU	Ecu13.471	+0.001	3.00
FF Account	FF	FF6.940	+0.004	3.50
SFR Account	SFR	SFR120.08	+0.017	4.30
NOK Account	NOK	Nok1.2914	+0.0	2.80
SEK Account	SEK	SEK25.711	+0.009	3.60
HFL Account	HFL	HFL112.29	+0.01	3.50
Yen Account	¥	¥825.895	+0.001	1.90
SFR Account	SFR	SFR120.382	+0.001	3.60
US$ Account	$	US$1.891	+0.003	4.40
Yen Account	¥	¥824.491	+0.003	0.10

Prices for dealing September 30

Jupiter Tyndall (Bermuda) Ltd
PO Box HM 2258, Hamilton, Bermuda — 001 809 292 2700
Jupiter Tyndall World Unbounty Fund Ltd

Commod	$	$13.76	19.66	+0.10
Equity Income	$	$14.18	14.91	+0.01
Managed	$	$23.73	24.92	+0.13
North American	$	$14.26	15.00	+0.04
Pacific	$	$14.18	14.91	+0.10
Tiger	$	$17.01	17.87	-0.07
UK Small Cos	$	$1.37	1.45	+0.01

Newport Investment Management
20 Reid St, PO Box HM 2306 Hamilton Bermuda
Int. 0171 588 6000

Int. Equity	$	$4.8849	+0.0005	—
Int Pacific	$	$2.8560	+0.0002	—
Newport Tiger Fd	$	$7.3582	+0.0004	—
Newport Tiger Fd	£	£4.5166	+0.0035	—

Dolfan Fund Limited
5 Reid St., Hamilton, HM11, Bermuda HM 11441 292 8370
Dolfan Sep 30 — $98.40 —

BERMUDA (REGULATED)(**)

Aristocrat Capital Management Ltd
Aristocrat Endeavor Fd — $20.23 —

Bermuda Intl Account Mgmnt Ltd
Anchor Int Sep 24 — $27.76 27.77 — 1.25

Bermuda Bond Funds Ltd

Int (USD) Inc Sep 25	—	$51.92	52.35	—
Int (USD) Inc Sep 25	—	$9.59	10.094	—
Int (£) Inc Sep 25	—	Eqv17.57	18.494	—
Int (£) Acc Sep 25	—	Eqv14.04	14.784	—
Int (Sterling) Cap Sep 25		£19.18	19.36	—
Int (Sterling) Inc Sep 25		£12.15	12.2959	—
Int (US Bond Cap Sep 25		$14.284	14.376	—
Int (US Bond Inc Sep 25		$7.772	7.821	—

Bermuda Equity Funds Ltd

Int (USD) Sep 25	—	$22.32	23.76	—
Int (£) Sep 25	—	Eqv14.76	15.09	—
North American Sep 25		$17.39	17.75	—
Japanese Sep 25		$8.72	8.91	—
UK Sep 25		£15.48	15.80	—
Pacific Rim Sep 25		$20.48	20.90	—

Bermuda Money Funds Ltd

US Dollar		$11.46	—	5.15
Deutschmark		DM11.06	—	2.5886
Sterling		£11.86	—	5.3875
Canadian $		C$11.55	—	99 3.7500

Global Money (c)

UK Dollar		$13.3490	—	—
UK Bond		$7.8000	—	—
UK Sterling		£16.5825	—	—
UK Deutsche		$14.79	—	—
UK Bond		$7.2053	—	—
US Dollar		$10.5866	—	—
US Bond		$7.2612	—	—
Japan Index		$7.2612	—	—
Japan Bond		$8.3380	—	—
German Bond		$12.5276	—	—
German Index		$7.3947	—	—
Hong Kong Bond		$14.1810	—	—
Hong Kong Index		$11.9331	—	—
Hong Kong Bond		$7.4962	—	—
Hong Kong Geared		$11.7729	—	—
UK Eq Index		$11.7725	—	—
UK Eq Bond		$8.1966	—	—
US Bond Index		$11.9157	—	—
US Bond Bond		$8.6783	—	—
German Bond Index		$12.1664	—	—
German Bond Bear		$8.7523	—	—

Butterfield Management Co Ltd

Butterfield Adv		$18.46	18.48	—
Butterfield Global App			$10.28	—
Butterfield Equity			$11.72	—
Butterfield US$ Bond			$10.08	—
Butterfield Int Income			$10.50	—
Butterfield Liquidity Reserve			$10.4648	—
Butterfield Money Market			$15.5468	5.165
Butterfield Money Market			£11.1249	5.718
Butterfield Money Market			C$11.0699	—

Integral Bond Arbitrage Fund Limited
Bond Arbitrage Fd Ltd — $100.48 —

Orbis Investment Management Ltd

Orbis Global Equ		$23.24	24.50	—
Orbis Optimal Sfg		$34.23	35.44	—
Orbis Leveraged Equ		$39.18	30.97	—

* Prices as Sep 26 Next Pricing Oct 03 Weekly Pricing

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey CI — 01481 710851
AIB Offshore Fund Ltd

Inst Int Equity Mgd	$	$1.691	1.1377	—
Int Equity Mgd	$	$1.6939	1.1392	—
Int Equity Mgd	$	$2.347	1.5787	—
Int Cash	$	$1.008	1.058	—
UK Equity Class	$	$1.3908	1.2500	—

Adams & Moyle Fd Mangmt (Guernsey) Ltd
PO Box 255 St Peter Port Guernsey CI — 01481 710851
Worldwest Bond Fund Inc — $1.581 1.642 — 7.21

Equitable International Fund Managers Ltd
PO Box 255, St Peter Port Guernsey CI — 01481 710851
Sterling High Yld — $1.809 1.915 — 4.57

Guernsey Flight Fd Mngrs (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey GY1 3QH, CI
Enquiries 01481 712176 — Dealing 01481 710691
Reference Flight International Assets Fund (Daily)

US Dollar Money	0	$42.978		+0.01
Sterling Money	0	£31.824		+0.01
Yen Money	0	¥3070.551		+0.04
Deutschemark Money	0	DM66.676		+0.01
Swiss Franc Money	0	SFr66.868		0.08
Mngd Currency	5	$9.88	10.71	+0.07
Intl Finance Sterling	5	$45.27	47.76	+0.07
Intl High Yld Bond	5	$40.84	42.92	+0.01
Euro High Yield Bd	5	$34.94	36.74	+0.04
US Dlr High Yield Bd	5	$29.05	30.66	+0.02
Stg High Yield Bd	5	$22.17	23.40	+0.01
Intl Bond Cash	5	$44.29	46.31	+0.03
Intl Equity	5	$46.44	48.31	+0.33
Economic Equity	5	$27.59	29.33	+0.09

Global Strategy Fund (Daily)

US$ Money Fund	$	$20.24		4.91
Sterling Money Fund	£	£10.14		5.20
Yen Money Fund	¥	¥5001.43	+0.03	0.14
DM Money Fund	DM	DM50.31		2.74
Managed Currency Fund	$	$14.38	39.37	+0.03
Managed Bond Fund	$	$34.98	36.82	+0.06
Global High Int $ Bd Fd	$	$21.18	22.54	+0.05
Global High Int £ Bd Fd	£	£26.13	27.84	+0.07
US$ Bond Fund	$	$10.84	11.44	+0.02
Gbl £ Stg Bond Fd	£	$48.22	48.81	-0.11
Yen Bond Fund	¥	$26.63	28.02	-0.01
European Bond Fd	DM	$22.63	23.83	+0.01
Euro High Inc Bd Fd	$	$21.47	22.60	+0.04
Asian Currency & Bond Fd	$	$53.25	29.85	+0.01
Global Convertible Fund	$	$53.25	29.85	+0.01
Global Emerging Gwth	$	$122.18	128.61	+0.14
Global Emerging Pwfol	$	$110.50	117.49	+0.14
American Gwth Cap Fd	$	$40.83	42.97	-0.02
American Gwth Cap Fd $	$	$33.50	35.27	-0.03
US Fund	$	$23.50	24.88	+0.01
Asian/Pacific Opportun'ties	$	$23.50	24.88	+0.04
Hong Kong Fund	$	$21.31	22.86	+0.05
Japan Small Cos	$	$24.00	25.52	+0.16
Japan & Pacific	$	$133.44	141.80	+0.04
European Fund	$	$165.35	-0.10	0.60
European Growth	$	$19.28	20.49	-0.45
European Growth Fund $	$	$44.48	47.27	-0.09
Global Energy Fund	$	$44.48	47.27	-0.09
Global Gold	$	$37.46	39.79	-0.16
Global Income Fund	$	$97.46	103.63	+0.13
Global Privatisation	$	$26.97	28.35	-0.07

Aristocrat Capital Management Ltd
Aristocrat Endeavor Fd — $20.23 —

Bermuda Intl Account Mgmnt Ltd
Anchor Int Sep 24 — $27.76 27.77 — 1.25

Bermuda Bond Funds Ltd

Int (USD) Inc Sep 25	—	$51.92	52.35	—
Int (USD) Inc Sep 25	—	$9.59	10.094	—
Int (£) Inc Sep 25	—	Eqv17.57	18.494	—
Int (£) Acc Sep 25	—	Eqv14.04	14.784	—
Int (Sterling) Cap Sep 25		£19.18	19.36	—
Int (Sterling) Inc Sep 25		£12.15	12.2959	—
Int (US Bond Cap Sep 25		$14.284	14.376	—
Int (US Bond Inc Sep 25		$7.772	7.821	—

Bermuda Equity Funds Ltd

Int (USD) Sep 25	—	$22.32	23.76	—
Int (£) Sep 25	—	Eqv14.76	15.09	—
North American Sep 25		$17.39	17.75	—
Japanese Sep 25		$8.72	8.91	—
UK Sep 25		£15.48	15.80	—
Pacific Rim Sep 25		$20.48	20.90	—

Bermuda Money Funds Ltd

US Dollar		$11.46	—	5.15
Deutschemark		DM11.06	—	2.5886
Sterling		£11.86	—	5.3875
Canadian $		C$11.55	—	99 3.7500

Global Money (c)

UK Dollar		$13.3490	—	—
UK Bond		$7.8000	—	—
UK Sterling		£16.5825	—	—
UK Deutsche		$14.79	—	—
UK Bond		$7.2053	—	—
US Dollar		$10.5866	—	—
US Bond		$7.2612	—	—
Japan Index		$7.2612	—	—
Japan Bond		$8.3380	—	—
German Bond		$12.5276	—	—
German Index		$7.3947	—	—
Hong Kong Bond		$14.1810	—	—
Hong Kong Index		$11.9331	—	—
Hong Kong Bond		$7.4962	—	—
Hong Kong Geared		$11.7729	—	—
UK Eq Index		$11.7725	—	—
UK Eq Bond		$8.1966	—	—
US Bond Index		$11.9157	—	—
US Bond Bond		$8.6783	—	—
German Bond Index		$12.1664	—	—
German Bond Bear		$8.7523	—	—

Butterfield Management Co Ltd

Butterfield Adv		$18.46	18.48	—
Butterfield Global App			$10.28	—
Butterfield Equity			$11.72	—
Butterfield US$ Bond			$10.08	—
Butterfield Int Income			$10.50	—
Butterfield Liquidity Reserve			$10.4648	—
Butterfield Money Market			$15.5468	5.165
Butterfield Money Market			£11.1249	5.718
Butterfield Money Market			C$11.0699	—

Integral Bond Arbitrage Fund Limited
Bond Arbitrage Fd Ltd — $100.48 —

Orbis Investment Management Ltd

Orbis Global Equ		$23.24	24.50	—
Orbis Optimal Sfg		$34.23	35.44	—
Orbis Leveraged Equ		$39.18	30.97	—

* Prices as Sep 26 Next Pricing Oct 03 Weekly Pricing

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey CI — 01481 710851
AIB Offshore Fund Ltd

Inst Int Equity Mgd	$	$1.691	1.1377	—
Int Equity Mgd	$	$1.6939	1.1392	—
Int Equity Mgd	$	$2.347	1.5787	—
UK Cash	$	$1.008	1.058	—
UK Equity Class	$	$1.3908	1.2500	—

Adams & Moyle Fd Mangmt (Guernsey) Ltd
PO Box 255 St Peter Port Guernsey CI — 01481 710851
Worldwest Bond Fund Inc — $1.581 1.642 — 7.21

Equitable International Fund Managers Ltd
PO Box 255, St Peter Port Guernsey CI — 01481 710851
Sterling High Yld — $1.809 1.915 — 4.57

Guernsey Flight Fd Mngrs (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey GY1 3QH, CI
Enquiries 01481 712176 — Dealing 01481 710691
Reference Flight International Assets Fund (Daily)

US Dollar Money	0	$42.978		+0.01
Sterling Money	0	£31.824		+0.01
Yen Money	0	¥3070.551		+0.04
Deutschemark Money	0	DM66.676		+0.01
Swiss Franc Money	0	SFr66.868		0.08
Mngd Currency	5	$9.88	10.71	+0.07
Intl Finance Sterling	5	$45.27	47.76	+0.07
Intl High Yld Bond	5	$40.84	42.92	+0.01
Euro High Yield Bd	5	$34.94	36.74	+0.04
US Dlr High Yield Bd	5	$29.05	30.66	+0.02
Stg High Yield Bd	5	$22.17	23.40	+0.01
Intl Bond Cash	5	$44.29	46.31	+0.03
Intl Equity	5	$46.44	48.31	+0.33
Economic Equity	5	$27.59	29.33	+0.09

Global Strategy Fund (Daily)

US$ Money Fund	$	$20.24		4.91
Sterling Money Fund	£	£10.14		5.20
Yen Money Fund	¥	¥5001.43	+0.03	0.14
DM Money Fund	DM	DM50.31		2.74
Managed Currency Fund	$	$14.38	39.37	+0.03
Managed Bond Fund	$	$34.98	36.82	+0.06
Global High Int $ Bd Fd	$	$21.18	22.54	+0.05
Global High Int £ Bd Fd	£	$26.13	27.84	+0.07
US$ Bond Fund	$	$10.84	11.44	+0.02
Gbl £ Stg Bond Fd	£	$48.22	48.81	-0.11
Yen Bond Fund	¥	$26.63	28.02	-0.01
European Bond Fd	DM	$22.63	23.83	+0.01
Euro High Inc Bd Fd	$	$21.47	22.60	+0.04
Asian Currency & Bond Fd	$	$53.25	29.85	+0.01
Global Convertible Fund	$	$53.25	29.85	+0.01
Global Emerging Gwth	$	$122.18	128.61	+0.14
Global Emerging Pwfol	$	$110.50	117.49	+0.14
American Gwth Cap Fd	$	$40.83	42.97	-0.02
American Gwth Cap Fd $	$	$33.50	35.27	-0.03
US Fund	$	$23.50	24.88	+0.01
Asian/Pacific Opportun'ties	$	$23.50	24.88	+0.04
Hong Kong Fund	$	$21.31	22.86	+0.05
Japan Small Cos	$	$24.00	25.52	+0.16
Japan & Pacific	$	$133.44	141.80	+0.04
European Fund	$	$165.35	-0.10	0.60
European Growth	$	$19.28	20.49	-0.45
European Growth Fund $	$	$44.48	47.27	-0.09
Global Energy Fund	$	$44.48	47.27	-0.09
Global Gold	$	$37.46	39.79	-0.16
Global Income Fund	$	$97.46	103.63	+0.13
Global Privatisation	$	$26.97	28.35	-0.07

Rockwood Fd Mgrs (CI) Ltd
PO Box 256, Guernsey — 01481 715464

EMMA Managed	4	$6.6262	6.9262	+0.0023
EMMA US Dollar Mgd	4	$8.6254	9.0254	+0.0029
EMMA Int Bond	4	$10.3175	9.2858	+0.0062
EMMA Int Equity	4	$37.862	39.0355	+0.0824
EMMA Australasian Bond	4	$38.535	27.5245	+0.0057
EMMA Yen Bond	4	¥4645.45	2990	-5
EMMA Dollar Bond	4	¥4645.45	51.564	+0.0098
EMMA Sterling Money	4	£10.095	10.095	+0.0049
EMMA Int'l Money	4	$15.143	15.143	+0.0065
EMMA Cont Eur Money	0	$97.288	47.988	+0.003

Currency Funds

Sterling	0	$62.119	52.119	+0.002
US Dollar	0	$38.379	38.579	+0.014
Deutschemark	0	$46.358	46.558	+0.007
Euro Mgd	4	$27.570	27.736	-0.001
$ Managed	4	$35.114	35.518	-0.005

Equity Selection Funds

Managed	5	$4.2875	5.1037	+0.0004
Int Am Gth	5	$3.0483	12.8253	+0.0049
Int Growth	5	$3.4563	3.0078	+0.0030
Euro Equity	5	$48.807	7.1394	+0.0030
Japan	5	$4.2165	4.4837	+0.0019
Pac Asia	5	$13.286	13.9446	+0.0062
Super R&Am Japan Gth	5	$9.766	9.286	+0.0062
International Small Cos	5	$3.2114	3.4097	-0.0030

Rockwood Bermuda Intl Fd Mngrs Ltd
PO Box 44, Guernsey, CI — 01481 708693/705892

British*	5	$1.8185	1.7997	+0.0005
Chest European Ltd*	5	$40.284	2.7212	+0.0008
Far East	5	$7.4284	7.9444	+0.0049
Int	2½	$14.304	15.1502	+0.0019
Int	5	$3.9191	3.1051	—
Int Equity Inc*	5	$7.2455	7.6773	—
Int Inc Bd Inc*	5	$0.9571	0.9258	+0.0005
Int Inc Bd Acc*	5	$1.7969	1.9073	-0.0009
Irish Investment*	5	$1.889	1.811	—
Strategic Investment*	5			

*Offer price inclusive of maximum preliminary charge

Lazard Freres Asset Management (CI) Ltd
PO Box 378, St Peter Port, Guernsey, CI — 01481 710481
Emerging Market Trst Fd 8 — $8.857 10.52 +0.03 —

Lazard Fund Mngrs (Channel Islands) Ltd
PO Box 378, St Peter Port, Guernsey, CI — 01481 710481

Lazard Investor Plus	—	[illegible]	100.57	—
Lazard Cor Acc Fd $	—	$28.18	28.18	+0.01
Lazard Cor Acc Fd DEM	—	$18.52	18.52	—
Lazard Cor Acc Fd ¥	—	¥4995	¥4995	—
Lazard Cor Acc Fd SM	—	DM23.73	72.23	+0.02
Lazard Cor Acc Fd SF	—	$47.55	47.55	—
Lazard Cor Acc Fd FF	—	FF208	213.09	+0.05
Lazard Cor Acc Fd Man	—	$20.78	21.80	-0.03

Lazard Select Investment Trust Ltd

Select Active		£18.75	18.85	—
UK Sector		£18.15	18.61	—
UK Liquid Assets		£10.50	10.05	—
US Index		$10.80	10.80	—
US Sector		$9.757	8.905	—
Europe Index		$21.96	21.63	—

Lloyds Intl Money Market Fund Ltd
Banque Nve, La Touche, St Peter Port — 01481 724963
Lloyds Bank Fund Managers (Guernsey) Ltd

Australian Dollar ◆		A$36.3780		+0.0040
Canadian Dollar ◆		C$11.5410		+0.0038
Deutschemark ◆		DM63.5276		+0.0098
Dutch Guilder ◆		DG58.0138		+0.0090
ECU ◆		Ecu38.9000		+0.0060
French Francs ◆		FF191.5800		+0.0295
Italian Lire ◆		LIM63.4100		+0.0098
Japan Yen ◆		¥3669.5400		+0.5660
New Zealand Dollar ◆		NZ$12.5400		+0.0019
Norwegian Krone ◆		NK71.2500		+0.0110
Portuguese Escudos ◆		Esc7.2500		+0.0011
Spanish Peseta ◆		Pta1.0570		+0.0002
Sterling Class ◆		£10.0000		—
Swedish Krona ◆		SK63.2500		+0.0098
Swiss Francs ◆		SFR77.3670		+0.0118
US Dollar Class ◆		$10.0000		—
US$ Managed Sterling		$10.0000		—
Managed US$		$10.0000		—

Royal Bk of Canada Intl Money Market Fd
Money Market Plus

US$ Accum Class		$1.102856		
US$ Distrib Class		$1.000000		
DM Accum Class		DM1.01915		
DM Distrib Class		DM1.00000		
Sterling Accum Class		£1.01915		
Sterling Distrib Class		£1.00000		
SWF Accum Class		SWF1.01915		
SWF Distrib Class		SWF1.00000		
Yen Accum Class		¥1.000000		
Yen Distrib Class		¥1.000000		

Rothschild Asset Management (CI) Ltd
PO Box 242, St Peter Port, Guernsey — 01481 710481
Fine Arrows Intl Investment Bond Funds

FAB $ Bond	$	$21.86	22.28	+0.01
FAB US$ Bond	$	$32.51	33.50	+0.05
FAB £ Bond	£	£17.85	18.39	-0.04
FAB US$ Global	$	$30.84	31.58	-0.05

Fine Arrows International Reserves Ltd

FARIL $	$	$14.987		+0.005
FARIL A$	A$	A$40.662		+0.008
FARIL C$	C$	C$96.173		+0.027
FARIL DEM	DM	DM160.342		+0.053
FARIL DFL	DG	DG367.26		+0.050
FARIL DM		DM67.91		+0.011
FARIL ECU	ECU	Ecu91.668		+0.035
FARIL SFr	SFr	SFr233.43		+0.010
FARIL FF	FF	FF1081.01		+0.018
FARIL Lire	L	L1424443		+31.0
FARIL NOK	NOK	NOK1.0000		+0.000
FARIL SEK	SEK	SEK96.981		+0.005
FARIL Yen	¥	¥24498.24		+1.01
FARIL Par	FF	SFr77.262		+0.004
FARIL SF	SF	SEK257.54		+0.030
FARIL US$	$	$82.618		+0.006
FARIL Yen	¥	¥10114.08		—
FARIL Man $	$	£28.3		+0.005
FARIL Man DM	DM	DM68.157		+0.057
FARIL Man £	£	£91.277		+0.054
FARIL Man Int		$21.656		-0.040
Fine Arrows Causeway Fund Ltd				
FACA $	$	$10.187		+0.001
FACA A$	A$	A$15.368		+0.003
FACA C$	C$	C$10.2		+0.001
FACA DM	DM	DM50.715		+0.008
FACA DFL	DG	DG51.189		+0.010
FACA ECU	ECU	Ecu67.597		+0.008
FACA FF	FF	FF1000.53		+0.002
FACA Lire	L	L25536		+0.000
FACA NOK	NOK	NOK23.977		+0.001
FACA SEK	SEK	SEK96.1172		+0.001
FACA Yen	¥	¥2500.77		+0.000
FACA Pta	Pta	Pta2002.27		+0.000
FACA SFr	SFr	SFr100.1		+0.003
FACA US$	$	$15.264		+0.002
FACA Yen	¥	¥3500		0.000

Royal Bk of Canada O/S Fd Mgrs Ltd
PO Box 246, St Peter Port, Guernsey — 01481 722021
Global Funds

Dynst Euro Class F	0	[illegible]	22.226	—
Dynst Euro Class Acc F	0	[illegible]	22.226	—
Sterling Int Cap Class F	0	£11.936	11.413	—
Sterling Int Cap Class Acc F	0	£11.936	11.413	—
Intl Bond Class F	0	$14.529	14.261	—
Intl Bond Class Acc F	0	$14.516	14.255	—
Asian Growth Class F	0	$9.052	9.212	—
Asian Growth Class Acc F	0	$9.052	9.212	—
Japan Class F	0	¥99.39	¥93.816	—
Japan Class Acc F	0	¥99.39	¥93.816	—
Canadian Class F	0	$23.83	23.493	—
Canadian Class Acc F	0	$23.83	23.493	—
USA Class F	0	$32.768	32.763	—
USA Class Acc F	0	$32.768	32.763	—
Dollar Int Cap Class F	0	$7.897	7.907	—
Dollar Int Cap Class Acc F	0	$7.897	7.907	—
UK Equity Class F	0	£9.247	6.356	—
UK Equity Class Acc F	0	£9.247	6.356	—
Euro Equity Class F	0	$100.568	100.568	—
North American Bond Cl Acc	0	$99.999	100.399	—
European Bond Cl Acc F	0	$99.999	100.399	—
European Bond Cl Acc F	0	$99.999	100.810	—
Swiss Franc Bond Cl Acc F	0	$99.999	101.691	—
Swiss Franc Bond Cl Acc F	0	$99.999	101.691	—
UK Bond Cl Inc F	0	$9.5571	0.5197	—
UK Bond Cl Acc F	0	$9.5571	0.5397	—
Intl Connected Fd Ltd				
$		$43.71		+0.01
£		C$98.13		+0.01
$ Sterling		£31.76		+0.01
D-Mark		DM84.76		+0.01
Swiss Francs		SFr85.37		—
Japanese Yen		¥8535		—
Managed Fund		$44.48		-0.02

Latest Fund Prices 24hr service 01481 710845

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 248, St Peter Port, Guernsey — 01481 722021

Globefloor Dollar Accum.		$31.57	33.93	+0.02
Globefloor Dollar Dist		$28.884	30.71	+0.20
Globefloor Stg Dist		£18.884	19.96	+0.06
Globefloor Stg Accum.		£22.132	24.22	+0.09
Equities Int F		$18.200	19.880	-0.01
Globefloor Acc F		$18.200	19.880	-0.01

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey — 01481 710851

European Bd $	$	$0.288	12.7228	—
Approx Stg Equiv	£	£1.8587	8.1341	—

GUERNSEY (REGULATED)(**)

AMZ Magnet Co (Guernsey) Ltd
Emerging Mkts Liquidity Portfo... — $20.43 20.80 +0.58

Apollo Investment Management Ltd

Japan		¥10.631	11.221	—
Tiger		¥11.497	12.227	—
European		£9.84	10.452	—

Arab Bank Fund Mngrs (Guernsey) Ltd
AB International Bond Fund

Managed Currency		$11.40	11.44	—
International Bond		$11.53	11.57	—

For Atlantis see Other Offshore

BZW Asset Management Guernsey Ltd
Japan Index Fund — Y2510 2537 —

Beckenham Global Investment Fund Ltd

Cash, Gilt & Stg Fnd Int		$10.89	10.83	—
US Dollar Int Bond & Cry		$383.06	386.84	—
Sterling Int Bond & Cry		$167.13	169.73	—
Global Equity		$10.89	11.29	—
Int Equity Index		$119.58	125.90	—

CIBC Fund Managers (Guernsey) Ltd

Sterling Money Market		£10.309		—
US Dollar Money Market		$10.40		—
DM Money Market		DM20.451		—
PCF Sterling Bond ◆		£15.021	13.22	—
PCF US Dollar Bond ◆		$16.822	17.12	—
PCF Canadian Dollar Bond ◆		C$25.58	26.01	—
PCF Euro Bond ◆		SFr22.38	22.79	—
PCF Int Equity ◆		SFr20.99	21.86	—
PCF Balanced ◆		$18.29	18.73	—
PCF Far Eastern ◆		$17.06	17.87	—
PCF Int Managed ◆		$15.73	16.02	—

Castle Management (Guernsey) Ltd
The Castle Fund (Guernsey) Ltd — $95.85 —

Commercial Union Captives Inv Mngt
CUCIM Trust — £1.0867 — 5.88

Consulta (Channel Islands) Limited
Consulta Emerging Mkts Eq — $34.66 35.86 —
Capital Aug 30 — $12.04 12.67 —
Emerging Markets Debt Aug 30 — $17.19 17.36 8.61

Dextrust Management (Guernsey) Ltd
Dextrust Limited — Ecu23.09 23.10 —

FP Consult
FP Deutsche Global Cl Aug 31 — $1240.48 —
FP Deutsche Bond Cl Aug 31 — $1374.43 —

GYS Investment Management Ltd
Tasous Emerging Fund Ltd — $9.665 —

Global Portfolio Management (Guernsey) Ltd
Global Bd Jul 31 — $25.22 25.45 —
Global Emerging Markets Sep 06 — $17.07 17.20 —
Global Foreign Exchange Jun 96 — $10.54 10.62 —

Guernsey Capital Management Limited

GCM Int Fix Inc Class		$1144.18	1145.53	—
GCM Int Eq Class Fd		$1123.54	1124.51	—
GCM South Africa Inc		$1031.51	1031.51	—
GCM US$ Special Class		$1287.25	1288.11	—

Hambros Fund Managers (CI) Ltd
Japanese OTC — $7.9813 8.4889 — 0.00

Hauteville Fund Managers (Guernsey) Ltd
Hautesille G & S Fd — $

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

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LUXEMBOURG (SIB RECOGNISED)

	Init Notes Charge	Selling Price	Buying Price	+or -	Yield Gross

ABN AMRO Funds (a)
4 Rue Jean Monnet, L-2180 Luxembourg 352 424614020

Latin American Equity	$48.21	48.69	—	—
North America Equity	$27.69	27.96	—	—
Asian Tigers Equity	$60.65	61.46	—	—
Europe Equity	$70.46	70.81	—	—
Germany Equity	DM30.3	132.18	—	—
Japan Equity	¥240.63	90.43	—	—
Europe Bond	$68.36	60.51	—	—
US Bond	$58.07	58.22	—	—
Global Bond	$60.17	60.32	—	—
Guaranteed Bond B	DM98.8	100.22	0.54	—
Spain Bond	Pts834	9639	—	—
Eastern Europe Equity F	$57.48	153.07	—	—
China Equity F	$54.26	55.44	—	—
Switzerland Equity	SFr14.9	120.59	—	—

Abtrust Fund Mngrs Luxembourg SA (a)
4 Boulevard Royal L-2449 Luxembourg 00 352 227091

Abtrust Asia Fund

Global Cap Portfolio	$3,722	+0.000	—	—
Limited Selection Portfolio	$5,231	+0.017	—	—
Cont Europe Portfolio... D	DM8,260	-0.003	—	—
Japan Portfolio	¥3,888	+0.001	—	—
Pacific Portfolio	$8,381st	+0.019	—	—
Gold Portfolio	$8,208	+0.014	—	—
UK Growth & Income	£1,071	+0.002	3.61	—
Dollar Portfolio	$1.9630st	+0.001	7.03	—
Sterling Portfolio	£1.1009st	+0.001	6.30	—

Active Master Fund (a) (x)
14 rue Aldringen, L-1118 Lux 00 352 478 98500

Australasian Nat	A$9.44	10.01	—	—
Austrian Nat Equity	Sch38.11	93.74	—	—
Belgium/Lux Nat. Equ	BFr748	756	—	—
French Nat Equity	FFr9.78	136.09	—	—
German Nat Equity	DM7.91	19.09	—	—
Dutch Nat Equity	DM9.09	39.84	—	—
Italian Nat Equity	L17893	193693	—	—
Japanese Nat Equity	¥73112	9388	—	—
Hong Kong Nat Equity	HK$8.69	121.80	—	—
Spanish Nat Equity	Pts1216	1229	—	—
UK Nat Equity	£0.71	10.81	—	—
United States Dir Fac.		$10.00	—	—

American Phoenix Investment Portfolios (x)
13 rue Goethe, L-1637 Luxembourg 00 352 4040 46211

European Institutional Plato	Eccn18.27	+0.07	—	—
European Multinational Plato	$22.82	+0.03	—	—
European Multinational Plato	$14.91	+0.01	—	—
European Multinational Plato	£10.40	+0.01	—	—
European Multinational Plato	DM34.85	+0.16	—	—
Global Multinational Plato	Ecn17.15	+0.06	—	—
Global Multinational Plato	$21.43	+0.02	—	—
Global Multinational Plato	$13.71	+0.02	—	—
Global Multinational Plato	L32710	+197	—	—
Global Multinational Plato	DM22.72	+0.20	—	—
US Growth Companies...	$16.82	+0.09	—	—
US Growth Companies...	$10.13	+0.05	—	—
US Growth Companies...	L24153	+210	—	—
US Growth Companies...	DM24.16	+0.21	—	—
US Real Estate Securities...	$12.82	+0.02	—	—
US Real Estate Securities...	$26.01		—	—
US Real Estate Securities...	L19110	+191	—	—
US Real Estate Securities...	DM19.12	+0.10	—	—

BAII Asset Management Ltd
10 Piccadilly, London W1Y 0EE 0171 734 3700

Intersectoral Fund

NAV Sep 13	$633.61	+1.79	—	—

Independents Fund

Convertible (US$) Sep 16	$974.65		—	—
Convertible (FFr) Sep 16 F	FFr2833.92		—	—
Intl Bond (US$) Sep 16	$687.24		—	—
Comfort (US$) ——— 2	$621.28		—	—

Bank Von Ernst & Cie AG
Marktgasse 63/65, 3001 Berne, Switzerland 0041 312291111

Von Ernst Global Portfolio

Equity Sub-Funds

UK Equity	£14.98		—	—
UK Smaller Co's Equity	£27.05		—	—
Nth American Equity	$14.05		—	—
US Smaller Co's Equity	$25.49		—	—
Pacific Basin Equity	$15.73		—	—
Japanese Equity	¥614		—	—
European Equity ——— Sfr	Sfr1.94		—	6.15
Swiss Equity	SFr1.10		—	—

Bond and Near-Cash Sub-Funds

Sterling Fixed Int.	£14.94		—	—
Sterling Fixed Int Div	£10.48		—	—
European Fixed Int	DM22.44		—	—
European Fixed Int Div	DM8.60		—	—
DM Bond Class	DM22.7		—	—
DM Short Term Cap	DM10.05		—	—
International Sub-Funds				
Global Equity	$12.85		—	—
Global Bond	$9.74		—	—
Global Bond Div	$8.95		—	—
Global Managed	DM12.69		—	—

Basque Indosuez
39 Allée Scheffer, L-2520 Luxembourg 00352 47871

Indosuez Europe Small Cos	DM611.49		—	—
Indosuez Multimedia	$15.80		—	—

Barclays Diversified Portfolio (z)
50 avenue J.F. Kennedy, L-2951 352 4799 2389

BPB Deutschmark Reserve	DM30.17		—	—
BPB Sterling Reserve	£12.57		—	—
BPB US Dollar Reserve	$12.33		—	—
BPB European Bond	Ecu22.99		—	—
BPB North American Bond	$24.85		—	—
BPB Sterling Bond	FRn701		—	—
BPB Emerging Markets	$18.42		—	—
BPB Europe	Ecu7.05		—	—
BPB Japan	¥1,277		—	—
BPB Pacific Rim	$37.54		—	—
BPB United Kingdom	$16.88		—	—
BPB United States	$34.48		—	—
BPB Hedged Global Bd Dir	$24.02		—	—
BPB Hedged Global Bd Stg	£12.44		—	—
BPB Hedged Global Bd FF	FFr159		—	—

Barclays Inv Funds (Luxembourg)
35 Place de la Gare, L-1616 00 352 404344

International Fixed Inc	$10.67	+0.02	—	—
Europe Multinational Plato	$22.82	+0.03	—	—
Europe Multinational Plato	$14.91	+0.01	—	—
Europe Multinational Plato	£10.40	+0.01	—	—
Europe Multinational Plato	DM34.85	+0.16	—	—
Global Multinational Plato	Ecu17.15	+0.06	—	—
Global Multinational Plato	$21.43	+0.02	—	—
Global Multinational Plato	$13.71	+0.02	—	—
Global Multinational Plato	L32710	+197	—	—
Global Multinational Plato	DM22.72	+0.20	—	—
US Growth Companies...	$16.82	+0.09	—	—
US Growth Companies...	$10.13	+0.05	—	—
US Growth Companies...	L24153	+210	—	—
US Growth Companies...	DM24.16	+0.21	—	—
US Real Estate Securities...	$12.82	+0.02	—	—
US Real Estate Securities...	$26.01		—	—
US Real Estate Securities...	L19110	+191	—	—
US Real Estate Securities...	DM19.12	+0.10	—	—

Bank Von Ernst & Cie AG
Marktgasse 63/65, 3001 Berne, Switzerland 0041 312291111

Von Ernst Global Portfolio

Equity Sub-Funds

UK Equity	£14.98		—	—
UK Smaller Co's Equity	£27.05		—	—
Nth American Equity	$14.05		—	—
US Smaller Co's Equity	$25.49		—	—
Pacific Basin Equity	$15.73		—	—
Japanese Equity	¥614		—	—
European Equity ——— Sfr	Sfr1.94		—	6.15
Swiss Equity	SFr1.10		—	—

Bond and Near-Cash Sub-Funds

Sterling Fixed Int.	£14.94		—	—
Sterling Fixed Int Div	£10.48		—	—
European Fixed Int	DM22.44		—	—
European Fixed Int Div	DM8.60		—	—
DM Bond Class	DM22.7		—	—
DM Short Term Cap	DM10.05		—	—
International Sub-Funds				
Global Equity	$12.85		—	—
Global Bond	$9.74		—	—
Global Bond Div	$8.95		—	—
Global Managed	DM12.69		—	—

Basque Indosuez
39 Allée Scheffer, L-2520 Luxembourg 00352 47871

Indosuez Europe Small Cos	DM611.49		—	—
Indosuez Multimedia	$15.80		—	—

Barclays Diversified Portfolio (z)
50 avenue J.F. Kennedy, L-2951 352 4799 2389

BPB Deutschmark Reserve	DM30.17		—	—
BPB Sterling Reserve	£12.57		—	—
BPB US Dollar Reserve	$12.33		—	—
BPB European Bond	Ecu22.99		—	—
BPB North American Bond	$24.85		—	—
BPB Sterling Bond	FRn701		—	—
BPB Emerging Markets	$18.42		—	—
BPB Europe	Ecu7.05		—	—
BPB Japan	¥1,277		—	—
BPB Pacific Rim	$37.54		—	—
BPB United Kingdom	$16.88		—	—
BPB United States	$34.48		—	—
BPB Hedged Global Bd Dir	$24.02		—	—
BPB Hedged Global Bd Stg	£12.44		—	—
BPB Hedged Global Bd FF	FFr159		—	—

Bando Fund (a)
2, rue de Flaxe, L-2011 Luxembourg 00 352 481278524

Bando Bond Acc	DM169.57		—	—
Bando Bond Dis	DM118.53		—	—
International Bond Acc	Ecu12.922		—	—
International Bond Dis	Ecu11.197		—	—
Bando Equities Mgd	DM154.50		—	—
Nordic Equities M/D	Ecu17.295		—	—
Intl Equities Mgd	Ecu13.870		—	—
Short Term Acc	Ecu11.276		—	—
Short Term Acc ——— 3	DM20.226		—	—

Banque Indosuez
39 Allée Scheffer, L-2520 Luxembourg 00352 47871

Indosuez Europe Small Cos	DM611.49		—	—
Indosuez Multimedia	$15.80		—	—

Barclays Diversified Portfolio (z)
50 avenue J.F. Kennedy, L-2951 352 4799 2389

BPB Deutschmark Reserve	DM30.17		—	—
BPB Sterling Reserve	£12.57		—	—
BPB US Dollar Reserve	$12.33		—	—
BPB European Bond	Ecu22.99		—	—
BPB North American Bond	$24.85		—	—
BPB Sterling Bond	FRn701		—	—
BPB Emerging Markets	$18.42		—	—
BPB Europe	Ecu7.05		—	—
BPB Japan	¥1,277		—	—
BPB Pacific Rim	$37.54		—	—
BPB United Kingdom	$16.88		—	—
BPB United States	$34.48		—	—
BPB Hedged Global Bd Dir	$24.02		—	—
BPB Hedged Global Bd Stg	£12.44		—	—
BPB Hedged Global Bd FF	FFr159		—	—

Barclays Inv Funds (Luxembourg)
35 Place de la Gare, L-1616 00 352 404344

International Fixed Inc	$10.67	+0.02	—	—
European Multinational Plato	$22.82	+0.03	—	—
European Multinational Plato	$14.91	+0.01	—	—
European Multinational Plato	£10.40	+0.01	—	—
European Multinational Plato	DM34.85	+0.16	—	—
Global Multinational Plato	Ecu17.15	+0.06	—	—
Global Multinational Plato	$21.43	+0.02	—	—
Global Multinational Plato	$13.71	+0.02	—	—
Global Multinational Plato	L32710	+197	—	—
Global Multinational Plato	DM22.72	+0.20	—	—
US Growth Companies...	$16.82	+0.09	—	—
US Growth Companies...	$10.13	+0.05	—	—
US Growth Companies...	L24153	+210	—	—
US Growth Companies...	DM24.16	+0.21	—	—
US Real Estate Securities...	$12.82	+0.02	—	—
US Real Estate Securities...	$26.01		—	—
US Real Estate Securities...	L19110	+191	—	—
US Real Estate Securities...	DM19.12	+0.10	—	—

Bando Fund (a)
2, rue de Flaxe, L-2011 Luxembourg 00 352 481278524

Bando Bond Acc	DM169.57		—	—
Bando Bond Dis	DM118.53		—	—
International Bond Acc	Ecu12.922		—	—
International Bond Dis	Ecu11.197		—	—
Bando Equities Mgd	DM154.50		—	—
Nordic Equities M/D	Ecu17.295		—	—
Intl Equities Mgd	Ecu13.870		—	—
Short Term Acc	Ecu11.276		—	—
Short Term Acc ——— 3	DM20.226		—	—

Bank Sarasin Bank
2 boulevard Royal, Lux 00 352 4880 3271

Dell Int Invst Str Op Sep 25...	NOK76.25	+$9.50	—	—
Dell Int Invst Str Op Sep 25...	NOK75.01	+15.77	—	—
Dell Int Glbl Str Op Mar 30...	NOK79.01		—	—
Dell Int European Equity Cap	NOK1135.24	-20.62	—	—
Dell Int Worldwide Cap Str 25...	SKK37.21	+6.15	—	—
Dell Int Hongkong Dollar Cap	NOK79.21	+9.15	—	—
Dell Int Balanced Port Cap	NOK1725.91	-29.85	—	—

Deltabile Intl Investments (x) SICAV
6 rue de Rome de Treves L-2633 Luxembourg 01534 27361

Cont Capital Builder	$1.2254		—	—
Intl Growth & Income	$5.3665		—	—
International Bond	$9.2669		—	—

Dresdnerbank Asset Mngmt SA (a)
6A route de Trèves L-2633 Senningerberg/Lux 352 4684831

DB-Lux Bondspecial (Ind)	$975.85	77.84	—	—
DB-Lux Bondspecial (Ung)	$943.68	106.77	—	—

E.T. Investment Management Ltd
13 Rue Goethe, BP 413, Luxembourg 00 352 40464217

Establishment Tst Sep 27	$2.62		—	—

Edgistan Global SICAV (x)
13 Rue Goethe, L-1637, Luxembourg 00 352 40464213

Equity Portfolio Sep 25	$2.409	+0.002	—	—
Reserve Portfolio Sep 26	$2.105	+0.007	—	—

For EgisFund – Wright Rollerad see Active Master Fund

Fidelity Funds (u)
Kamaritis Hse, Place de L'Etoile, L-1021 Lux BP 2174
tlx-81732 777377 Lux-06 352 25197226

Major Market Funds

America	$2.311	-0.018	—	—
Europe	DM4.921	+0.005	—	—
International	$16.67	-0.05	—	—
Japan	¥136.3	+0.7	—	—
Pacific	$3.596	+0.003	—	—
South East Asia	$2.760	+0.018	—	—

Fidelity Funds – Contd.

Country Select Funds

ASEAN	$21.20	-0.12	—	—
Asian Special Situations	$10.90		—	—
Australia	A$16.34	+0.13	1.31	—
Emerging Markets	$9.488	+0.009	—	—
European Sm Cos F	DM13.15	+0.05	—	—
France	FFr62.95	-0.20	—	—
Germany	DM20.80	-0.02	—	—
Hong Kong	$45.94	+0.46	0.61	—
Iberia	Ptn1756		—	—
Indonesia	$10.16	-0.02	—	—
Italy	L14757	+358	—	—
Japan Smlr Cos	¥1068	+3	—	—
Korea F	$9.4000	+0.0200	—	—
Latin America	$24.495	-0.044	0.54	—
Malaysia	$24.23	-0.09	—	—
Nordic	SKr176.9	+0.5	—	—
Singapore	$20.16	-0.03	—	—
Switzerland	SFr14.73	+0.01	—	—
Thailand	$31.87	+0.04	—	—
United Kingdom	£1.125	-0.007	—	—

Bond Funds

European	Eur11.83	+0.06	6.02	—
International	$1.040		5.99	—
US Dollar	$5.5552	+0.017	5.78	—
Sterling	£1.2322	+0.001	7.29	—
Yen	¥1642	-3	2.52	—

Balanced

European Balanced	DM12.28	+0.06	1.82	—

Prices as at September 29

Fleming Group (u)
6 Route De Treves L-2633 Senningerberg Luxembourg
00 352 34101 or 0800 960 284
Internet: http://www.flemings.lu/

Floating Flagship Fund (daily dealing)

FFF Americas	$48.77	52.66	+0.02	—
FFF Asia* Pac/Emg F	$62.15	65.75	+0.12	—
FFF Asian Smaller Cos F	$10.34	10.94	+0.038	—
FFF China	$12.69	13.79	+0.04	—
FFF Continental Europe F	DM24.69	27.02	+0.05	—
FFF DM Balanced F ——— 3	DM16.78	11.32		—
FFF DM Bond ——— 3	DM11.10	11.60	-0.01	6.50
FFF Emerging Markets F	DM22.71	24.02	+0.12	—
FFF Eastern Europe	$21.39	22.53	+0.16	—
FFF Emerging Markets F	$9.18	9.72	+0.01	—
FFF European	DM24.63	26.85	+0.08	—
FFF European Smlr Cos F	DM21.58	22.89	+0.05	—
FFF Global Conv F	$17.30	18.30	+0.022	—
FFF India R ——— 5	$8.80	9.10	-0.10	—
FFF Intl Bond F	$14.30	15.13	-0.02	—
FFF Intl Equity F	DM98.80	72.78	+0.16	—
FFF Japan	$10.80	10.98	-0.01	—
FFF Japanese Smaller Cos F	$6.36	6.85	-0.05	—
FFF Latin American	$24.49	25.91	+0.04	—
FFF Pacific Basin	$17.30	18.30	+0.02	—
FFF Pacific Basin Equity	$10.80	11.42	+0.02	—
FFF Singapore	$16.14	16.48		—
FFF Thailand	$12.17	12.43		—

Mercury Asset Management S.A. – Contd.

Global Equity	$57.88	71.27	+0.08	0.00
Emerging Markets	$11.60	12.28	+0.02	0.00
Gold & Mining	$10.78	11.27	-0.05	0.00
Australian & New Zealand	$24.76	26.07	+0.09	0.00
Eastern Europeans	DM38.57	40.61	+0.39	0.00
European	$39.03	41.09	-0.09	0.00
Japan	¥21.44	22.56	-0.03	0.00
Latin American	$8.36	9.86	-0.03	0.00
North American	$42.93	44.47	-0.05	0.00
Pacific	$39.28	39.29	+0.17	0.00
Singapore & Malaysian	$28.03	30.56	+0.06	0.00
United Kingdom	$30.59	40.83	-0.04	0.00
Asian Opps	$27.07	28.50	+0.13	0.00
European Opps	$31.35	33.00	+0.02	0.00
Global Opps	$11.44	12.05	+0.03	0.00
Japan Opps	$18.53	16.52	+0.12	0.00
North American Opps	$48.59	47.57	+0.02	0.00
United Kingdom Opps	$16.18	20.29	+0.17	0.00
DM Reserve	$112.28	112.28	+0.02	0.00
Dollar Reserve	$108.13	108.14	+0.01	0.00
Sterling Reserve	$115.81	115.82	+0.01	0.00
Sector Fund Reserve	$107.97	107.97	+0.07	0.00

Mercury Offshore Sig Tst-SICAV (x)
PO Box 25, St Helier, Jersey 01534 608000

Global	£1.736	1.803		0.35
Overseas	£1.846	2.002	+0.003	0.05
European	£2.042	2.210	-0.002	0.00
Japan	$9.957	1.016		0.00
North American	$2.540	2.646	-0.003	0.00
Pacific	$2.540	2.469	+0.013	0.00
United Kingdom	$1.926	2.045	+0.001	1.31
Reserve	$0.997	0.998	+0.001	7.54

Midland Intl Cirait Fund SICAV(c)
Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 01534 608000

UK Growth	£1.45	1.529	+0.004	1.05
European Growth	£1.725	1.815	-0.002	—
European Opps	$4.661	4.275	-0.051	—
European Growth	$2.000	0.948		—
Japanese Opps	$9.290	2.413		—
Pacific Growth	$2.642	2.151	+0.021	—
Pacific American Growth	$1.811	1.957	-0.007	—
American Opps	$3.536	3.785	+0.005	—
UK Fixed Interest	$1.946	1.315	+0.003	6.65
Multicurrency Bond	$1.253	1.34	+0.000	4.92
UK Stg Liquidity	$1.000	0.994	+0.001	6.5
US$ Liquidity	$1.521	1.602		4.37

For Hilton and Luxembourg (Flagstaff)

Nikko Global Umbrella Fund
16 Bd Royal, L-2449 Luxembourg 00 44 171 222 2336

Japan Ret Rev YEN	Y1000	1006	—	—
Japan Ret Rev USD	$9.04	9.11	—	—
Japan Ret Rev Stlg	$9.73	9.81	—	—
JASDAQ A	Y976	985	—	—
JASDAQ B	$9.93	10.01	—	—
Asia Cover Bond	$10.33		—	—
Asia–Pacific	$18.71	17.05	—	—
Hong Kong	$19.83	20.03	—	—
Indonesia	$11.39	11.53	—	—
Malaysia	$16.89	17.25	—	—
Oceania	$14.39	14.66	—	—
Philippines	$15.20	22.04	—	—
Singapore	$18.14	18.48	—	—
Thailand	$12.17	12.43	—	—

Nomura Global Fund (x)
1 St Martin's-le-Grand, EC1A 4NP 0171 236 8811

Asia Pacific P'folio	$7.14	+0.01	—	—

PRICOA Worldwide Inv Portfolio Sicav (x)
47 Boulevard Royal, L-2449, Lux 00 352 4640101

European Growth F	$13.34	+0.06	—	—
Pacific Growth Series F	$17.20	+0.02	—	—
Global Bond F	$9.95		—	—
US Growth Series F	$22.28	+0.02	—	—

For Regent Global see Meredith Regent Global

Rothschild Asset Management
20 Blvd E Servais, L-2535 00 352 47934 6256

Domiciled at 8 de G Edmond de Rothschild (Luxembourg)

Fine Arrows Global Funds (x)

Japan Recovery	$12.74873		—	—
Japan Opportunities	$19.87801		—	—
Japan Small Cos	$7.57509		—	—
Asian Smaller Cos	$9.17598		—	—
Latin American Opportunities	$7.9992		—	—
Indo	$8.49874		—	—

S–E–Banken Luxembourg SA
16 Boulevard Royal, L-2449, Luxembourg

Skandibond

Skandibond Equity Fund

Equity Int. Acc ——— 1	$20.39	20.01	-0.03	—
Equity Global ——— 1	$1.90	1.86		—
Equity Internat Acc ——— 1	$1.41	1.43	+0.01	—
Equity Japan Acc ——— 1	$1.15	1.11	+0.01	—
Equity UK ——— 1	£2.09	2.13	-0.01	—
Equity Nordic ——— 1	$2.34	2.36	-0.02	—
Equity North America ——— 1	$1.06	1.11		—
Equity Mediterranean ———	$1.04	1.08	+0.01	—
Equity Cont Europe ——— 1	$2.13	2.18	-0.01	—

Skandibond Far East

Far East Global ——— 1	$6.32	6.38	+0.07	—

Skandibond Bond Fund

Bond Int. Acc ——— 1	$14.82	14.98	—	6.34
Europe Bond Acc ——— 1	$2.17	2.14	—	6.34
Bond USD Acc ——— 1	$1.63	1.65	-0.01	4.47
Bond Sweden Acc ——— 1	$62.21	22.44	+0.02	8.49
Bond Sweden Adv Acc ——— 1	$12.68	12.97	+0.01	—

Skandibond International Short

Int Emerging Markets ...	$1.24	1.28	+0.01	—

Sarasin Investment SICAV (x)
14 Rue Aldringen, L-2961, Luxembourg 00 352 4788 2886

GlobalStar SFR Dist ——— C	SFr224.51		—	—
GlobalStar SFR Acc ——— C	SFr234.23		—	—
GlobalStar DM Dist ——— C	DM23.21		—	—
GlobalStar DM Acc ——— C	DM284.21		—	—
EuroStar Acc ——— C	£27.44		—	—
TecStar Dist ——— C	£84.78		—	—
BondStar Dist ——— C	$98.57		—	—
BondStar Acc ——— C	$114.48		—	—
Emergingstar Dist H ——— 5	£76.47		—	—

Schroder International Selection Fd (x)
5 Rue Heinrich Lofflerd, Senningerberg, Lux 00 352 341342222

Emerging Markets A Sep 30	$6.2825	5.8411	-0.0135	0.00
Emerging Markets B...	$5.5753	5.8428	-0.0140	0.00
Emerging Markets C...	$5.6257	5.8729	-0.0134	0.00
European Equity A ———	$4.725	7.1826	-0.004	0.68
European Equity B ———	Sch7335	6.7638	-0.0094	0.68
European Equity C ———	Sch6361	7.0855	-0.0092	0.68
Global Bond A ———	$7.2001	7.2555	-0.0102	5.68
Global Bond B ———	$7.2001	7.0063	-0.0093	5.68
Global Bond C ———	$7.2295	7.4498	-0.0096	5.68
Global Equity A ———	$8.8824	8.9321	-0.0000	0.42
Global Equity B ———	$8.5463	8.9468		0.42
Global Equity C ———	$8.0008	8.5801	-0.0057	0.42
Japanese Equity A ———	$68.4562	888.8123	+0.8878	0.00
Japanese Equity B ———	$65.8846	858.1221	+0.8548	0.00
Japanese Equity C ———	$63.5178	893.5056	+0.8518	0.00
Japanese Smaller Cos A	$67.441	82.5943	+0.1578	0.00
Japanese Smaller Cos B	$62.868	80.3368	+0.1529	0.00
Japanese Smaller Cos C	$60.7888	81.7788	+0.1482	0.00
Pacific Equity A ———	$8.1147	6.5152	+0.0335	0.35
Pacific Equity B ———	$8.0553	8.0533	+0.0691	0.35
Pacific Equity C ———	$7.5552	6.4152	+0.0661	0.35
UK Equity A ———	$1.4009	1.4637	-0.0023	2.56
UK Equity B ———	$1.3818	1.3942	-0.0023	2.56
UK Equity C ———	$1.4228	1.4783	-0.0022	2.56
US Equity A ———	$7.1881	61.8567	+0.0000	0.00
US Equity B ———	$8.2816	88.8824	+0.2833	0.29
US Equity C ———	$8.0181	81.7722	+0.2597	0.30
US Smaller Cos A ———	$8.5487	81.2676	+0.2598	0.30
US Smaller Cos B ———	$8.3134	20.4332	+0.2570	0.00
US Smaller Cos C ———	$8.1755	21.4636	+0.2544	0.00
European Bond A ———	$8.0000	8.5040	+0.0000	7.02
European Bond C ———	$8.0000	8.2004	+0.0000	7.02
Hedged Global Bond A ———	$5.8345	6.1266	+0.0048	69.15
Hedged Global Bond C ———	$5.8345	6.0258	+0.0048	69.15
European Smaller Cos A ———	$8.2884	7.4423	-0.0415	0.39
European Smaller Cos B ———	$8.2884	7.7864	-0.0429	0.39
European Smaller Cos C ———	$8.2884	7.5480	-0.0415	0.39
Portfolio A ———	$1.2557	1.2408	-0.0009	1.27
Portfolio B ———	$1.2557	1.2408	-0.0009	1.27
European Eq Mix Mgd A ———	Eur8.68	62.5111	+0.0044	1.68
European Eq Mix Mgd C ———	Eur8.453	81.2697	+0.0044	1.68
Asian Convertible Bond A ———	$8.1033	103.7842	+0.1869	1.57
Asian Convertible Bond C ———	$8.0533	1157.8515	+0.1869	1.57
Japan Convertible Bond A ———	$8.0533	12883.5459	+1.5467	0.00
Japan Convertible Bond C ———	$8.0533	1281.8888	+1.5467	0.00
Swiss Equity A ———	Sfr1.494	12.0661	+0.0031	0.36
Swiss Equity C ———	Sfr1.392	11.7681	+0.0031	0.36
Italian Equity A ——— D	L$9.892	$888.422	+2.5751	—

Scottish Equitable Intl Fund SICAV (u)
14 rue Aldringen, L-1118, Luxembourg 00 352 4789 2562

SEIF International Mixed	Ecu12.08		—	—
SEIF International Bond	Ecu13.19		—	—
SEIF European Equity	Ecu14.68		—	—
SEIF International Bond	Ecu12.65		—	—

Scottish Equitable Intl Fund SICAV (u)
14 rue Aldringen, L-1118 Luxembourg 00 352 4789 2562

SEIF International Mixed	Ecu12.08		—	—
SEIF International Bond	Ecu13.19		—	—
SEIF European Equity	Ecu14.68		—	—
SEIF International Bond	Ecu12.65		—	—

Sun Life Global Management Ltd (u)
PO Box 22, Castletown, Intl 01624 824131

Global Bond	$1.5418	1.5934	+0.008	4.94
Global Balanced	$1.3385	1.3826	+0.006	—
Global Recovery	$2.3707	2.5335	+0.015	—
Nomad	$0.9804	1.013004	+0.004	4.01
DM Bond	$0.9804	1.013004	+0.004	1.73
American Growth	$5.5162	5.8997	+0.007	—
European Growth	Ecu2.017	2.4286	+0.0059	—
Japan Growth	¥2,000	420.000	+0.000	—
Far East Gth	$225.9	241.8	+0.000	—
Japan Gth	¥149.9	160.9	+0.000	—
UK Growth	$0.9784	1.029568	-0.0000	—
Distribution	$0.9784	1.029568	+0.0040	2.18

Svenska Selection Fund SICAV
Po Box 676, L-2016, Luxembourg 00 352 466 811220

Swedish Bond	SKr1735.05		—	—
Nordic Shares	SKr132.85		—	—
Swedish Shares	SKr1398.39		—	—
Small Market Shares	SKr1106.05		—	—
Germany Shares	DM12.48		—	—
Japan Shares	¥371		—	—
US Convertibles	$9.36		—	—
International Shares	$67.53		—	—
International Bond Shares	$14.97		—	—
Pacific Shares	$2.85		—	—

Templeton Global Strategy

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Old Mutual International (Guernsey) Ltd
PO Box 155, St. Peter Port, Guernsey 01481 725725

	Selling Price	Buying Price	+or -	Yield Gross
Old Mutual Managed	94.583	4.842	—	—
Old Mutual Overseas	55.181	5.507	—	—
OMI Stockfund	15.0804	3.468	—	—
Sterling Special Mkt	43.161	5.465	—	—
OMI Fixed Interest	94.715	5.070	—	—
Money Mkt	92.901	3.184	—	—
Dollar Managed	91.707	5.435	—	—
Dollar Managed	93.258	5.468	—	—
US Dollar Bond	91.354	1.439	—	—
Far East Stock	91.472	1.468	—	—
European Stock	91.639	1.782	—	—
Pacific Basin Stock	95.395	5.084	—	—
Managed Pension Deposit	92.256	2.457	—	—
Managed Pension Cash	91.469	1.329	—	—
Sterling Bond	93.758	4.019	—	—
Short Weight Currency	92.438	2.630	—	—
Sterling Money Mkt	92.281	2.491	—	—
Latin American Stock	93.064	1.018	—	—
Dollar Special Mkt	91.884	1.166	—	—
Emerging Market Bond	91.137	1.922	—	—
Emerging Market Stock	88.068	0.663	—	—
Mixed Pension* Sep '96	—97.928	—	—	—
Mixed Pension* Mar '96	91.533	—	—	—
Mixed Pension* Sep '95	91.478	—	—	—
Guaranteed 105 Pension Bond 2005	90.771	—	—	—
Guaranteed 105 Pension Bond 2001	90.771	—	—	—
Guaranteed 105 Pension Bond	91.035	—	—	—
Global Protect Money Mkt	SFR5.825	7.184	—	—
Global Protect Money Mkt	SFR1.298	1.383	—	—
Convertibonds	DM0.952	1.007	—	—
DEM Denominated Mgd	DM2.570	2.764	—	—
US Dollar Managed Index	91.595	1.409	—	—
Exposure Stocks Index	0.958	1.017	—	—

Baden Managed Funds

Cautious Spring Mgd	£1.349	1.799	+0.005	—
Balanced Spring Mgd	£1.358	1.815	+0.003	—
Aggressive Spring Mgd	£1.365	1.822	+0.002	—
Cautious Summer Mgd	£1.422	1.898	+0.004	—
Balanced Summer	£1.352	1.778	+0.001	—
Balanced Fidelity	£1.501	2.004	+0.002	—
Balanced Pacific SICAV	£1.425	1.900	+0.002	—
Balanced INVESCO	£2.067	2.222	+0.001	—
Aggressive Perpetual	£1.532	2.276	+0.003	—
Deposit	£1.497	1.824	+0.001	—
Building Society	£1.749	1.886	+0.001	—
Cautious Spring Mgd	£1.465	1.576	+0.001	—
Balanced Spring Mgd	£1.514	1.735	+0.002	—
Aggressive Spring Mgd	£1.535	1.759	+0.002	—
Cautious Summer Mgd	£1.342	1.335	+0.002	—
Balanced Sentinvest	£1.417	1.525	+0.003	—
Balanced Fidelity	£1.709	1.837	+0.002	—
Balanced INVESCO	£1.488	1.601	+0.005	—
Aggressive Perpetual	£1.766	1.897	+0.008	—
Deposit	£1.268	1.362	—	—
Cautious Balanced High	Eur1.356	1.461	+0.004	—
Balanced Germany	Eur1.305	1.416	+0.004	—
Balanced SI SICAV	Eur1.393	1.427	+0.007	—
Balanced INVESCO	Eur1.313	1.471	+0.005	—
A.M. 1 Aug	A$2.106	2.212	+0.014	—
A.M. 2 Aug	A$1.152	1.212	+0.024	—
A.M. 3	$2.094	2.141	+0.003	—
A.M. 4	A$2.106	1.327	+0.017	—
A.M. 5 Yen	Y1163.000	1268.00	—	—
A.M. 6 Yen	Y1179.000	1218.00	+0.001	—

PanEuroLife société anonyme
39 Av Marie-Therese, Luxembourg 00 352/ 466730

French Balanced Sep 23	FF1735.92	—	+0.39	—
German/Deutsche Sep 26	DM2097.13	—	-2.20	—
Global Sep 26	$1178.13	—	-1.84	—
UK Balanced Sep 23	£715.93	—	-1.84	—
US Balanced Growth Sep 25	$1165.78	—	+0.47	—
Yen Balanced Sep 26	Eur1206.29	—	-0.48	—
Fund of Funds Sep 25	Eur1204.29	—	-0.72	—

Premier Life
7 Rue Jean Monnet, Luxembourg Tlx 2809 Tel 4090751

Premier Cash Deposit (I) Pf	£1.09	1.14	—	—
Investment (I) Pens	£1.09	1.14	—	—
Investment (I) Pens	$0.992	1.05	—	—
Investment (I) Pens	£0.9545	—	—	—
Aggressive Equity Bal	£10.42	—	—	—
Offshore Capital Mgd Cl B	£9.84	2.26	—	—
Offshore Capital Mgd Cl B	£1.07	1.68	—	—
CPD Aggressive (I)	£1.57	1.58	-0.01	—
CPD Mngd Growth 2	$1.57	1.58	—	—
CPD Dir Balanced Port	$1.31	1.55	—	—
CX 10	$1.57	1.76	—	—
CX 10	$1.63	1.76	+0.03	—

Professional Investment Consultants
Old Mut Actively Managed P | $0.421 | 0.452 | — | 0
Old Mut Actively Managed D | $0.420 | 0.450 | — | 0
Premier Lite $ | $1.36 | 1.419 | — | —
Premier Lite £ | £1.36 | 1.423 | — | —
PCI Worldwide Oppor | $1.00 | 1.000 | — | —
Royal Life Intl PIC Intl Gth | $0.823 | 0.886 | — | —
SPLA Fidelity Growth | $1.000 | 1.081 | — | —

For Prudential Securities (Hong Kong) Limited Registered

Royal Life International
Royal House, Athboy Rd, Castletown, Isle of Man 01624 821212

Royalton Growth A	$1.387	1.555	—	—
Royalton Growth B	£0.146	—	—	—
Royal Life Int Royal Int	£2.362	2.576	—	—
Royal Life GIR Pf	£2.302	2.476	+0.010	—
Royal Life UK Equity Bd	£1.843	2.000	+0.008	—
Royal Life Euro Fd	£2.121	2.281	+0.002	—
Royal Life Int Gth Pf	£1.111	1.201	+0.001	—
Lacomb Int. Fd.	£2.221	2.301	—	—
Young & Co Int Port	£1.572	1.681	—	—
YPA Growth Fd	£1.254	1.351	-0.16	—
S.A.M. 1	£1.069	2.210	—	—
S.A.M. 2	$1.693	1.751	—	—
S.A.M. 3	$2.122	2.224	—	—
S.A.M. 4	$1.387	1.387	—	—
UK Equity Index Equity Pens	$1.336	1.437	—	—
Sterling Money Market	$1.549	1.549	—	—
Dollar Money Market	$1.153	1.153	—	—
UK Index	$1.083	1.258	—	—
Worldwide Portfolio	$1.076	1.156	-0.001	—
International Bond Index	$1.110	1.194	+0.005	—
Worldwide Equity Portfo	$1.230	1.297	+0.006	—
NJ Equity + Portfolio	$0.930	0.999	—	—
Star Pf	$1.315	1.315	+0.004	—

Royal Skandia Life Assurance Ltd (c)
Skandia Hse, Flock Rd, Douglas, IoM 01624 61 1611

$ Cautious Spring Mgd	$1.549	1.799	+0.005	—
$ Balanced Spring Mgd	$1.358	1.815	+0.003	—
$ Aggressive Spring Mgd	$1.365	1.822	+0.002	—
$ Cautious Balanced Mgd	$1.422	1.898	+0.004	—
$ Balanced Sentinvest	$1.352	1.778	+0.001	—
$ Balanced Fidelity	$1.501	2.004	+0.002	—
$ Bal Pacific SICAV	$1.425	1.900	+0.002	—
$ Balanced INVESCO	$2.067	2.222	+0.001	—
$ Aggressive Perpetual	$1.532	2.276	+0.003	—
$ Deposit	$1.497	1.824	+0.001	—
$ Building Society	$1.749	1.886	+0.001	—
$ Cautious Spring Mgd	$1.465	1.576	+0.001	—
$ Balanced Spring Mgd	$1.514	1.735	+0.002	—
$ Aggressive Spring Mgd	$1.535	1.759	+0.002	—
$ Cautious Balanced High	$1.342	1.335	+0.002	—
$ Balanced Sentinvest	$1.417	1.525	+0.003	—
$ Balanced Fidelity	$1.709	1.837	+0.002	—
$ Balanced INVESCO	$1.488	1.601	+0.005	—
$ Aggressive Perpetual	$1.766	1.897	+0.008	—
$ Deposit	$1.268	1.362	—	—
£ Cautious Balanced High	£1.356	1.461	+0.004	—
£ Balanced Germany	£1.305	1.416	+0.004	—
£ Balanced SI SICAV	£1.393	1.427	+0.007	—
£ Balanced INVESCO	£1.313	1.471	+0.005	—
£ A.M. 1 Aug	A$2.106	2.212	+0.014	—
£ A.M. 2	A$1.152	1.212	+0.024	—
£ A.M. 3	£2.094	2.141	+0.003	—
£ A.M. 4	A$2.106	1.327	+0.017	—
£ A.M. 5 Yen	Y1163.000	1268.00	—	—
£ A.M. 6 Yen	Y1179.000	1218.00	+0.001	—
£ Deposit	£1.268	1.362	—	—
£ Highmark				
OFS Sterling	£1.084	1.178	+0.004	—
OFS Dollar	$1.159	1.249	+0.004	—
UK Equity Worldwide Mgd	£1.403	1.526	+0.006	—
Atlas	£2.743	2.985	—	—
Richmond Navigator	$0.957	0.921	+0.001	—
$ Bal Guild	$1.248	1.359	—	—
£ Bal Guild	£1.220	1.311	-0.004	—
Jersey Pacific Select Int	$0.998	1.085	+0.001	—
Jersey Pacific Select Int	$1.336	1.451	+0.002	—
Sterling Managed Liquidity $	$0.895	1.070	—	—
Sterling Managed Liquidity £	£1.015	1.084	-0.001	—
Balanced Portfolio	£1.009	1.084	—	—
Maverick DM Velocity $	$0.848	0.909	-0.009	—
Maverick DM Velocity US$	$0.899	0.951	-0.002	—

Scottish Equitable International SA
24-26 Place de la Gare, L-1616 Lux. 00 352 4818811

UK Cash (C)		£1.054	—	—
UK Fixed Interest (C)		£1.150	—	—
UK Deferred Distribution (C)		£1.174	—	—
Mixed (C)		£1.182	—	—
Global (C)		£1.124	—	—
International Equity (C)		£1.082	—	—
Less Initial Income & Gain	£1.000			
ISI Strategic Issue Portfolio	£1.001			

Scottish Mutual International Plc
15/17 Beresford Place, Dublin 1 00 3531 804 4000

£ Sterling Reserve	£1.0240	1.0240	—	—
£ Safety Plus FTSE 100	£1.0310	1.0310	-0.002	—
£ Safety Plus FTSE 95	£1.0070	1.0070	-0.014	—
£ Safety Plus Mgd 100	£1.0230	1.0230	—	—
£ Safety Plus Mgd 95	£1.0310	1.0310	—	—
£ UK Equity	£1.0550	1.0550	—	—
£ UK Fixed Interest	£1.0320	1.0320	-0.002	—
£ Safety	£1.0370	1.0370	-0.002	—
£ Growth	£1.050	1.050	-0.001	—
£ Opportunity	£1.0210	1.0210	—	—
$ Reserve	$1.0210	1.0210	—	—
$ Global Bond	$1.0550	1.0550	-0.001	—
$ Global Equity	$1.0490	1.0490	-0.002	—
$ Bonds	$1.0140	1.0140	-0.002	—
$ Safety	$1.0080	1.0080	-0.001	—
$ Growth	$1.0410	1.0410	-0.001	—
$ Opportunity	$1.0140	1.0140	-0.002	—
$ Safety Plus Mgd 100	$1.0140	1.0140	—	—
$ Safety Plus Mgd 95	$1.040	1.040	-0.001	—

Scottish Provident Intl Life/Ass Ltd
Ballacurtan Rise Pk, Quail Rd, Douglas, Isle IM2 01624 681681

Sty Adventurer Mngd (Ser I)	£2.002	2.152	+0.003	—
Sty Balanced Mngd (Ser I)	£1.925	2.048	+0.001	—
Sty Conservative Mngd (Ser I)	£1.794	1.791	+0.001	—
ISIS Adventurer Mngd (Ser I)	£1.895	1.762	+0.005	—
ISIS Balanced Mngd (Ser I)	£1.573	1.693	+0.002	—
ISIS Conservative Mngd (Ser I)	£1.525	1.638	+0.001	—
Sty Adventurer Mngd (Ser II)	£0.6532	1.002	+0.001	—
Sty Balanced Mngd (Ser II)	£0.950	1.022	+0.001	—
Sty Conservative Mngd (Ser II)	£0.907	1.024	—	—
ISIS Adventurer Mngd (Ser II)	£0.9327	0.937	+0.003	—
ISIS Balanced Mngd (Ser II)	£0.949	1.021	+0.001	—
ISIS Conservative Mngd (Ser II)	£0.909	1.019	+0.003	—
UK Index	£0.983	1.058	+0.001	—
UK Equity + Portfolio	£0.930	1.000	—	—
ISI Deposit	Eur1.378	1.482	—	—
N American Bond	$1.319	1.418	+0.003	—
European Bond	Eur1.578	1.698	+0.009	—
UK Bond	£1.586	1.706	+0.003	—
Far Eastern Bond	£1.750	1.883	-0.007	—
World Bond	£0.795	0.777	—	—
N American Equity	£4.118	4.428	+0.014	—
European Equity	Eur2.270	2.441	+0.005	—
UK Equity	£1.899	2.041	—	—
Far Eastern Equity	£2.705	2.909	+0.018	—
Mixed Equity	£0.938	2.731	+0.008	—
Global Cash Portfolio	£0.9898	1.017	+0.003	—
Building Society	£0.9898	1.075	—	—
US Dollar Managed Deposit	$0.9911	0.980	—	—
Far East (Ex Japan)	$1.0293	1.107	+0.011	—
Global Managed Currency	$1.0193	1.005	+0.002	—
UK Blue Chip	£1.116	1.201	-0.002	—
Sterling Managed Currency	£0.983	1.004	—	—
Technology	$1.150	1.237	-0.001	—
Pacific	$1.047	1.047	-0.011	—
Guaranteed Deposit	£1.0098	1.084	—	—
American Opportunities	$1.0035	1.113	+0.008	—
Emerging Markets	$1.051	1.084	—	—
European Growth	$1.0035	0.989	+0.003	—
Latin America	$1.162	1.252	—	—
Special Situations	£1.184	1.274	—	—
UK Safeguard Current (Sig)	£0.977	1.051	+0.002	—
Fixed Int plus on Sep 26 1996	£0.953	—	—	—
US Safeguard Current	$0.9888	1.033	+0.001	—
Fixed Int plus on Sep 26 1996	$0.955	0.996	+0.004	—
UK Safeguard Current (Sig)	£0.9898	—	—	—
Fixed Int plus on Sep 13 1996	£0.939	—	—	—

Broker Funds

OFS Intl Curr & Bond	$1.097	—	+0.011	—
OFS Capital Safeguard	$1.1780	—	+0.012	—
OFS Global Bond	$1.327	—	+0.013	—
OFS Mngd Intl Equity	$1.344	—	+0.006	—
OFS Guaranteed Bond	$1.130	—	+0.007	—
OFS Intl Warrant	$1.212	—	+0.010	—
Hawes & Overseas Global	103.0	110.7	+0.2	—

Sun Alliance International (IOM) Ltd
PO Box 77, Lex Echelon Ct, St Peter Port, Guer 01481 714106

US Dollar Global Managed	$2.01	2.17	—	—
Stg Global Managed	£2.08	2.22	—	—

Sun Life International (IOM) Ltd
Bridge House, Castletown, Isle of Man
Tel: 44 (0) 1624 825300 Fax: 44 (0) 1624 825619
Private Line: 44 (0) 1624 824748

Aggressive Managed	£1.359	—	—	—
Balanced Managed	£1.333	—	—	—
Defensive Managed	£1.292	—	—	—
Sterling Income	£1.242	—	—	—
Sterling Deposit Money	£1.231	—	—	—
Offshore Deferred Distribution	£1.347	—	—	—

OTHER OFFSHORE FUNDS

	Selling Price	Buying Price	+or -	Yield Gross

ATSP Management Ltd
Philippines Long Term Equity
NAV Aug 31 $43.99 — —

AXA Asset Management
AXA Valeurs FFr160.65 — —
AXA Stock Picks Dmgmt FFr233.44 — —
AXA Europe Actions FFr280.44 — —
AXA NPI FFr1231.12 — —

Acciones y Valores de Mexico SA de CV
Accrued Sep 27 Pesos61.52 +0.20 —

For Aetna Retirement Services Registered Cap (Specialty Fds Mk)

Africa Emerging Markets Fund
NAV Sep 9 $11.52 — —

Agribusiness Fund Management Co
ABC Bond 10.00 — —
Global 91.03 — —

Alliance Capital
International $17.26 18.88 — —
International Class B $17.05 — +0.04 —
Opinion $27.77 29.00 +0.06 —
Quasar Class B $23.06 — +0.07 —
Global Small Cap $12.68 13.09 +0.03 —
Global Small Cap Class B $11.89 — +0.03 —

Allied Dunbar International Fund Mngrs (1600)F
ADI Emerging Asia $0.7018 0.7503 +0.0001 0

Alnaste Capital Management Ltd
Alnaste Dinasth Fund and Unit Trust
Class A $98.23 99.21 — —
Class B $98.33 99.31 — —

Alpha Fund Management Ltd
Alpha Europe Aug 31 Eur295.64 — — —
Alpha Futures Aug 27 $236.05 — — —
Alpha Global Aug 31 $971.72 — — —
Alpha Index Aug 31 $105.15 — — —
Alpha Max Tax Cons Aug 31 $113.75 — — —
Alpha Hedge Class A Aug 31 $838.58 — — —
Alpha Hedge Class B Aug 31 $134.54 — — —
Alpha Hedge Dmk C Aug 31 $735.70 — — —
Alpha Latin Am Aug 31 $307.48 — — —
Alpha Pacific Aug 31 $362.41 — — —
Alpha Short Aug 31 $80.98 — — —
Alpha Tiktok Aug 31 $294.51 — — —
A Worthington Aug 31 $187.72 — — —
Alpha Hedge Dmk Aug 31 $807.16 — — —
Alpha Int Aug 31 $109.48 — — —
Alpha Pacific Aug 31 $362.41 — — —
Alpha Short Aug 31 $80.98 — — —
Alpha Tiktok Aug 31 $294.51 — — —
A Worthington Aug 31 $187.72 — — —
Alpha Hedge Dmk Aug 31 $807.16 — — —
Alpha Int Aug 31 $109.48 — — —

BEA Associates
Argentina Eqty Inv I Aug 31 $102.13 — — —
Argentina Eqty Inv II Aug 31 $102.73 — — —
Asian Growth Fd Ltd Aug 31 $222.04 — — —
Brazilian Eq Inv II Ltd $30.68 — — —
Mexico Debt Sp $14.95 — -0.15 —
Mexico Debt Fd Inv Sp $12.15 — -0.16 —
Sth America MAV Sep 26 $4.23 — — —

BIC Bahamas Investment Company SA
MAV Sep 27 SFr110.98 — — —
Folly Diluted MAV Sep 27 SFr108.01 — — —

BZW Investment Management (HK) Ltd
Taiwan Index Fund Ltd
Index NAV $12.186 — —
Liquidity NAV $10.162 — —
Sterling Fund Ltd
MAV Sep 24 $8.97 — —

BZW Nikko US IT
BZW Nikko A Shs (c) $13.56 — —
BZW Nikko B Shs (c) $13.76 — —

Julius Baer Bank & Trust Co Ltd
Lighthouse $2525 2626 — —
Baer Global Bond $11.82 — — —

Bahia Fund
Equity Shares $13.7161/3629 — —
Equity BDV Shares $18.3085/4107 — —
Bond Fund Shares $12.0581/0787 — —
Debt Shares $13.1394/3416 — —

Banco do Brasil--BB Fund
Class A--Brazilian Equities $1.0000/1.0000 — —
Class B--Brazilian Fixed Income $1.0000/1.0000 — —

Banc Internacional D'Andorra Banca Mora
Acciones Pts2000.93 — —
Analitic Plus Ptr731.8857 — —
Analitic Extras Units $13.39 — —
Analitic Bond Units YTD6.01 — —
Analitic Amphiterra $9.80 — —
Analitic Bonds DM11.35 — —
Analitic Europa PTA48.91 — —
Analitic Emergents $127.73 — —
Analitic Emergents $9.35 — —
AndorraStrike Pts10047.87 — —

Bank of America
World Partners Funds
Appreciating Growth $10.75 — —
US Bond $10.08 — —
US Equity $10.888 — —

Bank of Nova Scotia Trust Co (Cayman) Ltd
Canadian Equity Growth C$7.2607 — —
Global Growth $1.1936 — —
North American Emerging $1.1823 — —

Bank Von Ernst & Cie AG
Crossbow (Far East) SFr118.85 20.85 — —
CSF Int Asset SFr537.17 38.09 — —
D'sseldorf Fd (N Amer) $74.57 78.49 — —

Bque Fr Serv & Cr/Europ Inv Mgt Ltd
Partner Managing Markets Selectric Fund
Latin Am Class A Sep 13 $9.47 +0.09 —
Latin Class A Aug 30 $12.57 — —
Global Class A Sep 13 $12.57 -0.04 —

Barclays Diversified Fund
NAV Pts12645.82 — —

Baring International Group
Pacific Fd MAV Sep 27 $31.72 — —
Dynamic MAV Sep 20 $9.90 — —
Pacific dlr $1.124 — —
Peacock Invstt Sep 26 $7.19 — —
Shinko MAV $9.87 — —
Shinko dlr Sep 20 — — —

The Batavia Fund Ltd
NAV Sep 27 $14.50 +0.22 —

Baxy, Sparas International
Emerging Mkts Fund Sep 24 $8.73 9.00ct — —

Bede & Co (Bermuda) Limited
Bermudian Hedge Fund
Belgrave Capital Management Ltd
Comfin Int Sp MAV Aug 30 $10.76 — —
Senior Liquidity MAV Sep 20 $10.3817 — —

Bellevest Funds
Equity Select Fd $105.11 110.37 — —
Bellevest - Select Bond Fd $1.0000 — — —
Bellevest - Multi Bond Fd $12536.89 — — —

Bermuda Capital Company Ltd
MAV Sep 26 $49.48 — —

Blairmore Holdings Inc
Management, Cousins & Company, (Bahamas) Ltd
Investment Advisors, Panamco Gordon & Co
NAV Sep 2 $3.78 — —

For Sunday see Ireland (Register)

Bonvista -- VistaFund
Vista Equity Sub--Fund $295.9859 — —
Vista Fixed Income Sub--Fund $119.6855 — —
Vista Money Mkt Sub--Fund $113.1345 — —
Vista Portfolio Sub--Fund $715.6525 — —
Vista High Yield Sub--Fund $143.1137 — —

Bachman Capital Management Ltd
Global $ * Sep 20 $14.63 — —
Global Sy Fr * Sep 20 SFr13.370 — —
Global US$ * Sep 20 $13.91 — —
European $ Assets* Sep 20 $14.16 — —
Pacific* Sep 20 $13.01 — —
Emerging Markets* Sep 20 $12.56 — —
Special Sag Markets Sep 20 $17.80 — —

* Estimated Weekly Net Asset Value

Butterfield Fund Managers (Cayman) Ltd
Bermuda International Balanced $10.19 10.27 — —

CA Securities Investment Fund Mngt Ltd
Hong Kong Debt Sep 27 -- HF$11170.21 — —

CB Asset Management
European Quality DM1338.51 — —

CDC International
GFI Short Term Jnl 19 --- FFr19674275 — —

CH Fund Managers (Bermuda) Limited
Gland Corr Fd Aug 31 $9.81 — —

Caunce Investment Management Ltd
Sweetheart--Equity $R99.32 104.29 — —
Sweetheart--EMERGIN $11.36 12.00 — —

Capital International
Capital Int. Fund $165.73 +0.84 —

Cathay Investment Fund Limited
NAV Jun 30 HK$11.11 — —

Cazenove Funds Management Ltd
Indian Philo Ltd $9.36 — —

Chameleon Funds Limited
Pannone Gordon & Co Limited -- Dlr Representative
UK Equity Fund $145.44 148.20 — —

Champion Global Fund Management Ltd
Security Fund Ltd Aug 31... $7002.39 — —

For Chase Manhattan Vista Funds see Luxembourg Reg

Chesapeake Capital Corporation
Chesapeake Select -- C -- $7322.78 — —
Chesapeake Select 20 -- A -- $1141.45 — —

Chessor Indian Investment Company Ltd
Seattle Dos Pistis Sep 25 $2.92 — —

The China Fund
NAV Sep 27 $8.45 — —
Subscription Price $8.45 — —
Repurchase Price $8.35 — —

The China Invest & Development Fd Ltd
Red Pig Pad MAV Sep 30 $10.89 -0.31 —

Citibank Global Asset Mgmt (Asia) Ltd
Nippon Fd $98.40 — —
Asian Equity $9.39 — —
Hong Kong Equity $10.53 — —

Citizens Investment Trust Mgt Co Ltd
Korea Stocks Tst NAV 25 -- $23.46 — —
Korea 1500 Tst NAV 25 -- $4.85 — —
Seoul Acquisitions Tst NAV 25 -- $10.85 — —

City & International Securities Ltd
Sovereign High Rate --

Clark Capital Management Group Inc
Kingdom Ltd Bond Aud A

Claridge Bank
Euro Multi Mgr Eur772.51 — —
North America $2112.94 — —
Emerging USA $2010.46 — —
Japan Invest $1763.51 — —
Asia Pacific $863.57 — —
Asian Emerging $55.93 — —
Index Fund $2008.29 — —
Latin America Eur1464.65 — —
Euro Bond A Eur1712.07 — —
Euro Bond 2 $1586.5 — —
US Dollar Bond A $1591.50 — —
Dollar Bond B $1586.98 — —
Lir Ass Bond SFr1021.29 — —
CHF Bond A SFr1063.23 — —
CHF Bond B SFr1064.23 — —
DEM Bond A DM1064.03 — —
DEM Bond B $11497.51 — —
Mon Mac SFr1076.53 — —
Mon Mac DM1023.84 — —
Mon Mac $R1097.39 — —
High Yield European A SFr1097.39 — —
High Yield European B SFr974.35 — —
Pacific Basin Warrants — — —

Bank of Nova Scotia Trust Co (Cayman) Ltd
Canadian Equity Growth C$7.2607 — —
Global Growth $1.1936 — —
North American Emerging $1.1823 — —

Bank Von Ernst & Cie AG
Crossbow (Far East) SFr118.85 20.85 — —
CSF Int Asset SFr537.17 38.09 — —
D'sseldorf Fd (N Amer) $74.57 78.49 — —

Bque Fr Serv & Cr/Europ Inv Mgt Ltd
Partner Managing Markets Selectric Fund
Latin Am Class A Sep 13 $9.47 +0.09 —
Latin Class A Aug 30 $12.57 — —
Global Class A Sep 13 $12.57 -0.04 —

Barclays Diversified Fund
NAV Pts12645.82 — —

Baring International Group
Pacific Fd MAV Sep 27 $31.72 — —
Dynamic MAV Sep 20 $9.90 — —
Pacific dlr $1.124 — —
Peacock Invstt Sep 26 $7.19 — —
Shinko MAV $9.87 — —
Shinko dlr Sep 20 — — —

The Batavia Fund Ltd
NAV Sep 27 $14.50 +0.22 —

Baxy, Sparas International
Emerging Mkts Fund Sep 24 $8.73 9.00ct — —

Bede & Co (Bermuda) Limited
Bermudian Hedge Fund
Belgrave Capital Management Ltd
Comfin Int Sp MAV Aug 30 $10.76 — —
Senior Liquidity MAV Sep 20 $10.3817 — —

Bellevest Funds
Equity -- Select Fd $105.11 110.37 — —
Bellevest - Multi Bond Fd -- $1.0000 — — —
Bellevest - Multi Bond Fd -- $12536.89 — — —

Bermuda Capital Company Ltd
MAV Sep 26 $49.48 — —

Blairmore Holdings Inc
Management, Cousins & Company, (Bahamas) Ltd
Investment Advisors, Panamco Gordon & Co
NAV Sep 2 $3.78 — —

For Sunday see Ireland (Register)

Bonvista -- VistaFund
Vista Equity Sub--Fund $295.9859 — —
Vista Fixed Income Sub--Fund $119.6855 — —
Vista Money Mkt Sub--Fund $113.1345 — —
Vista Portfolio Sub--Fund $715.6525 — —
Vista High Yield Sub--Fund $143.1137 — —

Bachman Capital Management Ltd
Global $ * Sep 20 $14.63 — —
Global Sy Fr * Sep 20 SFr13.370 — —
Global US$ * Sep 20 $13.91 — —
European $ Assets* Sep 20 $14.16 — —
Pacific* Sep 20 $13.01 — —
Emerging Markets* Sep 20 $12.56 — —
Special Sag Markets Sep 20 $17.80 — —

* Estimated Weekly Net Asset Value

Butterfield Fund Managers (Cayman) Ltd
Bermuda International Balanced $10.19 10.27 — —

CA Securities Investment Fund Mngt Ltd
Hong Kong Debt Sep 27 -- HF$11170.21 — —

CB Asset Management
European Quality DM1338.51 — —

CDC International
GFI Short Term Jnl 19 --- FFr19674275 — —

CH Fund Managers (Bermuda) Limited
Gland Corr Fd Aug 31 $9.81 — —

Caunce Investment Management Ltd
Sweetheart--Equity $R99.32 104.29 — —
Sweetheart--EMERGIN $11.36 12.00 — —

Capital International
Capital Int. Fund $165.73 +0.84 —

Cathay Investment Fund Limited
NAV Jun 30 HK$11.11 — —

Cazenove Funds Management Ltd
Indian Philo Ltd $9.36 — —

Chameleon Funds Limited
Pannone Gordon & Co Limited -- Dlr Representative
UK Equity Fund $145.44 148.20 — —

Champion Global Fund Management Ltd
Security Fund Ltd Aug 31... $7002.39 — —

For Chase Manhattan Vista Funds see Luxembourg Reg

Chesapeake Capital Corporation
Chesapeake Select -- C -- $7322.78 — —
Chesapeake Select 20 -- A -- $1141.45 — —

Chessor Indian Investment Company Ltd
Seattle Dos Pistis Sep 25 -- $2.92 — —

The China Fund
NAV Sep 27 $8.45 — —
Subscription Price $8.45 — —
Repurchase Price $8.35 — —

The China Invest & Development Fd Ltd
Red Pig Pad MAV Sep 30 $10.89 -0.31 —

Citibank Global Asset Mgmt (Asia) Ltd
Nippon Fd $98.40 — —
Asian Equity $9.39 — —
Hong Kong Equity $10.53 — —

Citizens Investment Trust Mgt Co Ltd
Korea Stocks Tst NAV 25 -- $23.46 — —
Korea 1500 Tst NAV 25 -- $4.85 — —
Seoul Acquisitions Tst NAV 25 -- $10.85 — —

City & International Securities Ltd
Sovereign High Rate --

Clark Capital Management Group Inc
Kingdom Ltd Bond Aud A

Claridge Bank
Euro Multi Mgr Eur772.51 — —
North America $2112.94 — —
Emerging USA $2010.46 — —
Japan Invest $1763.51 — —
Asia Pacific $863.57 — —
Asian Emerging $55.93 — —
Index Fund $2008.29 — —
Latin America Eur1464.65 — —
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DEM Bond A DM1064.03 — —
DEM Bond B $11497.51 — —
Mon Mac SFr1076.53 — —
Mon Mac DM1023.84 — —
Mon Mac $R1097.39 — —
High Yield European A SFr1097.39 — —
High Yield European B SFr974.35 — —
Pacific Basin Warrants — — —

Coast Asset Management Corporation
Coast Balanced Income II Ltd $13584.98 — —
Coast Arbitrage Ltd $21622.07 — —
Coast Treasury Bill Inv Fd Ltd $11467.54 — —

Columbus Asset Management Ltd
India $5.5532 — —
New Millennium Fund Inc $12.0894 — —
Min American Sep 10 $9.2287 — —

Conner Asset Management Ltd
Eastern Capital Fd NAV $22.00 — —

Cowan Enterprise Fund N.V.
Class A Shares $1107.80 — —
Class B Shares $1707.32 — —

Craig Drill Capital Ltd
NAV Aug 31 $342.37 — —

Crudele Investment Funds
Asian $R1400 1438 — —
Crudele Korea Fund $803.08 815.15 — —
CS Funds--International SR181.50 184.75 — —
Energie--Valor SR181.15 181.35 — —
Europa SR437.00 482.00 — —
CS Gold Valor $148.82 148.86 — —
CS Tiger $1828.47 1839.5 — —
Pacific--Valor SR107.50 108.70 — —
Schoeller Bleckner SR484.37 484.79 — —
SVG Emerging SR668.00 668.00 — —
SVG Pharma SR710.00 718.00 — —
Swissimmo R218 346.89 — —
Bond Valor D--Mark DM136.97 132.28 — —
Bond Valor SFR SR122.70 123.35 — —
Bond Valor US--Dollar $182.53 157.92 — —
Bond Valor C Sterling $107.05 105.71 — —
Bond Valor Yen Y12121 12242 — —
Convert Valor SFR SR172.50 174.25

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

Every major
world airline flies with
Rockwell avionics.

Rockwell

هكذا من الأصل

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OTHER FINANCIAL

PAPER , PACKAGING & PRINTING - Cont.

PHARMACEUTICALS

PROPERTY

OIL, INTEGRATED

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

LEISURE & HOTELS

PAPER , PACKAGING & PRINTING

RETAILERS, FOOD

RETAILERS, GENERAL

SUPPORT SERVICES

TELECOMMUNICATIONS

TELECOMMUNICATIONS - Cont.

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

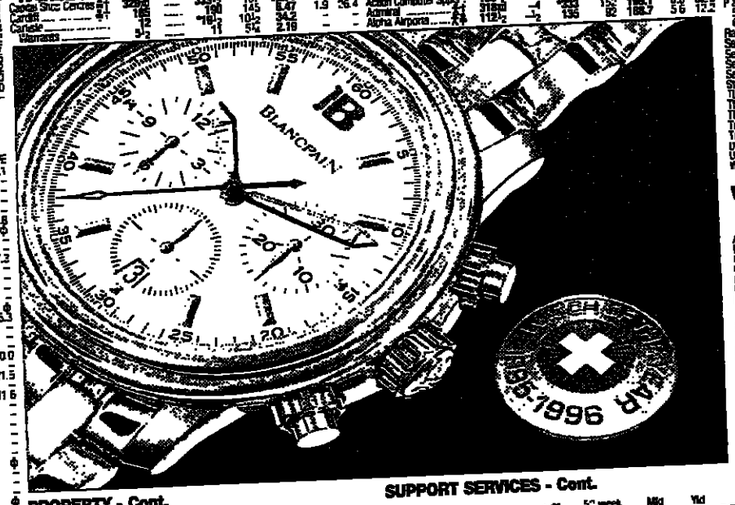
AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

AIM



GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices

Closing mid-prices are shown in pence (unless otherwise stated) Highs and lows are based on end-day mid-prices over a rolling 52 week period

Where stocks are denominated in currencies other than sterling, this is indicated after the name

Symbols referring to dividend status appear in the notes column, daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted

Earnings used in calculations are based on IMSR 'Headline Earnings' formula

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Prm +) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- Highs and lows marked thus have been adjusted to allow for capital changes.
+ Interim since increased or resumed
- Interim since reduced, passed or deferred
f Figures or report awaited
♦ Rule 2.7(a)(iv) Overseas incorporated companies listed on an approved exchange.
Free annual/interim report available, see details below.
‡ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
‡‡ Rule 4.2(a) Irish incorporated non-listed companies
* Price at time of suspension
◆ Indicated dividend yield after pending scrip and/or rights issue
◆ Merger bid or reconstruction in progress
◆ Forecast dividend / yield; p/e based on earnings updated by lastest interim statement.
♣ Unregulated collective investment scheme.

a Yield based on unpublished dividend
b Figures based on prospectus or other official estimates
c Assumed dividend and yield after scrip issue
d Assumed dividend and yield after rights issue
e Figures based on prospectus or other official estimates for 1996-97
f Figures based on preliminary figures
g Dividend and yield exclude a special payment.
h Dividend and yield based on latest annual earnings.
k Forecast or annualised dividend / yield, p/e based on previous year's earnings
n Assumed dividend and yield after scrip issue
p Figures based on prospectus or other official estimates for 1995
q Yield based on prospectus or other official estimates for 1996
r Estimated annualised yield, p/e based on latest annual earnings.
s Forecast dividend / yield, p/e based on prospectus or other official estimates for 1995-96.
t Dividend or part or whole of part as a special payment.
u Yield based on prospectus or other official estimates for 1996
v Free scrip issue
w Yield based on assumption that dividend will be paid or covered by end of year
x Dividend / yield adjusted for recent capital change
y Dividend and yield include a special payment; cover does not apply to special payment
z Dividend / yield or cover does not apply to previous year's figures

FD (Foreign Income Dividend)
N Forecast annualised yield, p/e based on prospectus or other official estimates
W Pro forma figures
Z Dividend / yield or cover does not apply to previous year's figures

Abbreviations:
ct ex dividend
cr ex scrip issue
rt ex rights
xa ex all
xc ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

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LONDON STOCK EXCHANGE

Dow gain triggers good recovery in London

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

UK equities fought their way back to end a difficult trading session in positive ground, but only after a nudge in the right direction from Wall Street which made useful progress at the outset of trading in the US.

Prior to Wall Street's opening the London market was always being pressured on the downside and scratching around for buy-side impetus.

By the end of the day the FTSE 100 index showed a 7.3 gain at 3,954.0, a clear demonstration that the afternoon influx of money into London, mostly from the US, had been concentrated on the highly liquid stocks.

The FTSE 250 index, comprising the market's second line stocks, failed to attract any great weight of the overseas cash, however. The 250 index never recovered from a nervous opening, and eventually closed only a fraction off the day's lowest level, finishing 15.1 down at 4,391.1, after touching 4390.4.

The negatives for London came with the final trading session of the third quarter. Most of the big UK institutions spent last week tidying up and making the final adjustments to their portfolios.

"The institutions put the finishing touches to their holdings, but there was precious little more to the market than that," noted one senior trader.

London's poor showing at the start of the day came in the wake of the latest call for a windfall profits tax on the privatised utilities from the Labour party. The threat of an even more stringent tax on the utilities saw sector constituents comprise the five worst performers in the FTSE 100.

Utilities analysts were surprised at the market's reaction to the windfall tax threat. "Labour has been waving a big stick at the utilities since the late 1980's. This is nothing new," said one specialist.

The FTSE 100 made a half-hearted attempt to go better at the outset, but quickly ran into small pockets of selling as trading got underway.

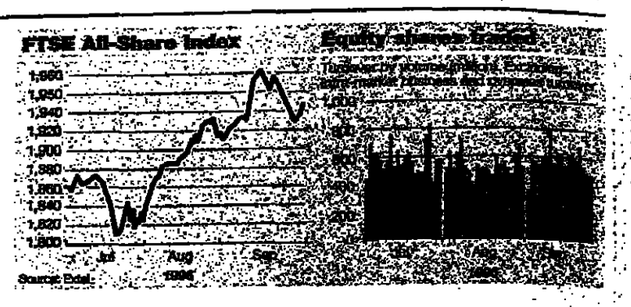
There was some surprise in Europe at Wall Street's good opening performance which saw the Dow Jones Industrial Average up over 30 points not long after the start of trading, despite an easier trend in Treasury bonds.

Marketmakers were impressed with London's afternoon rally. "There was very little selling pressure early on, but equally little buying interest. We could move higher, although Friday's non-farm payroll will be watched very carefully to see if the Fed made a mistake in holding US interest rates," said one.

Another said he felt politicians on both sides of the Atlantic would not want to say anything that would rock the markets and therefore create more problems for themselves.

Turnover at the 6pm count was 691.8m shares. The value of genuine customer business last Friday was £1.45bn.

Today brings the pricing of Thistle Hotels, with some dealers taking the view that the stock will get away to a useful premium, if realistically priced.



Indices and ratios

FTSE 100	3953.7	+7.3	FT30	2834.8	+12.4
FTSE 250	4391.1	−15.1	FTSE Non-Fins p/e	18.13	18.14
FTSE 350	1969.8	+1.4	FTSE100 Fut Dec	3987.0	+5.0
FTSE All-Share	1945.00	+1.07	10 yr Gilt yield	7.63	7.63
FTSE All-Share yield	3.78	3.78	Long gilt/equity yld ratio	2.13	2.11

Best performing sectors

1	Engineering: Vehicles	+2.5
2	Pharmaceuticals	+0.8
3	Life Assurance	+0.7
4	Engineering	+0.5
5	Oil: Integrated	+0.5

Worst performing sectors

1	Water	−2.2
2	Tobacco	−2.0
3	Electricity	−1.1
4	Textiles & Apparel	−1.0
5	Utilities	−0.9

Tax fear damages utilities

By Joel Kibazo and Lisa Wood

A warning from the Labour party that privatised utilities would face a windfall tax if it won the next general election, once again sent utility stocks tumbling as dealers sought to predict the likely level of the tax.

Mr Gordon Brown, the shadow chancellor, warned at the weekend that the spate of special dividend payments and share buybacks made over the past year would be no shield against a windfall tax as the utilities "have made and continue to make, substantial excess profits".

News of the warning was not a complete surprise to the market as the shadow chancellor has hinted at such a tax on several occasions over the past 18 months. But it nevertheless cast a shadow over utility stocks yesterday.

Among the hardest hit was Southern Electric where the shares relinquished 23 to 615½p, which left it as the worst performer in the Footsie. Sentiment in the stock was further dented by speculation that the group was looking to make an acquisition.

Other stocks hit by the remarks included United Utilities, down 15 at 570½p, Severn Trent where the shares eased 15¼ to 590p, and Thames Water which gave up 13 to 538½p.

However, there are those in the market that continue to believe the impact of such a tax should Labour win, will be moderate. They include Ms Angela Whelan at Credit Lyonnais Laing who said yesterday: "The current ratings in the sector suggest a huge tax with no dividend going forward. In fact the tax will be more moderate than present yields are suggesting."

National Grid was one of the few specks of blue on the screen in the sector. The shares hardened 1¼ to 170½p, with dividend factors said to have contributed to the positive sentiment in the stock.

Hanson active

Turnover in Anglo-American conglomerate Hanson rose to a hefty 39m, making it the day's most heavily traded stock as an important chapter in the group's history drew to a close.

Shares in the group hardened 1¼ to 156¾p, on the group's last full session before today's demerger. Millennium Chemicals and Imperial Tobacco are being demerged from the main parent company. Imperial Tobacco which is to be quoted in London, starts trading today. It is expected to debut at around 380p a share.

Millennium is to be listed in New York and will start trading on that exchange tomorrow. Hanson is also setting Energy Group adrift although that will not be until early in the new year.

Unilever off

Profit-taking continued in Unilever following last week's meetings between the company and UK analysts. Unilever shares have moved up strongly in recent weeks because of heavy US buying at a time when the group's senior management had met with investors in the US. One US investment bank had been particularly bullish on its prospects.

UK analysts are more bearish. Kleinwort Benson, which has been a seller of the stock for some time, published a strategic note detailing its position.

It said: "We believe quarterly results will keep bringing investors down to earth and would use current strength to sell ahead of third quarter results." Unilever softened 7 to 1366½p.

Automotive and aerospace components manufacturer LucasVarity was by far the best performer in the Footsie as the stock reacted to a broker's recommendation and general bargain hunting.

The shares climbed 13 to 254½p on heavy turnover of 7.3m. Kleinwort Benson, already a fan of the stock was said to have reiterated its "buy" recommendation yesterday.

Bargain hunters were also said to have played a part in the day's rally with many using last week's retreat in the stock as a buying opportunity. Last week, the Anglo American group unveiled a five-year business plan involving heavy cost cutting. Lucas Varity also said it is revising its performance-related share bonus scheme in which options would only be offered at a premium to market prices.

GKN added 21 to 121½p on the announcement that the German government has approved the purchase for the navy of seven of its GKN Westland Super Lynx helicopters in a contract worth £100m.

Bid speculation resulted in HTV rising 16 to 351½p ahead of the broadcaster's interim figures on Wednesday. Rumoured bidders included United News & Media, which softened 6½ to 689p, and Carlton Communications, which fell 3½ to 483p.

Capital Radio dropped 22½ to 599p because of its advertising revenues in August and September falling below analysts' forecasts.

Matthew Clark recovered 16 to 337½p on speculation that there could be a possible purchaser of the troubled cider maker.

But analysts were dismissive of speculation that Guinness, the international drinks business that specialises in global brands, was sniffing around Matthew Clark.

The latter issued a profits warning recently because of the onslaught of alcoholic lemonades on sales of its premium cider brands.

One analyst said that somebody must have been scouring old market information. Several years ago Mr Ernest Saunders, the former chief executive of Guinness, had looked at cider products as a possible area for growth. He rejected the idea.

Pernod Ricard, the French drinks group, said the analyst, had also been put up as a possible purchaser. He said the thinking was that Pernod had looked at Taunton, which was subsequently acquired by Matthew Clark.

Bass, which owns Coral, fell 5¼ to 779½p as some analysts estimated bookmakers' losses at £30m following Saturday's race meeting at Ascot.

That meeting saw one of the UK's most popular jockeys, Frankie Dettori, win all seven races at the famous Berkshire racecourse.

Bass has declined to quantify its losses but analysts estimate them to be between £4m and £5m, less than one per cent of its pre-tax profits.

However, analysts said that the loss came at a bad time for Bass which has been volatile following its acquisition of Carlsberg-Tetley and fears of a referral to the Monopolies and Mergers Commission.

FT30 INDEX

	Sep 30	Sep 27	Sep 26	Sep 25	Sep 24	Yr ago	*High	*Low
FT30	2834.8	2822.4	2817.8	2815.6	2801.7	2607.5	2865.2	2868.8
Ord. div. yield	4.00	4.01	4.02	4.03	3.99	4.11	4.22	3.76
P/E ratio net	17.25	17.20	17.14	17.11	17.29	15.89	17.29	15.80
P/E ratio nil	17.09	17.04	16.98	16.95	17.13	15.46	17.13	15.71

FT30 since compilation: high 2865.2 19/04/96; low 48.4 28/08/40. Base Date: 1/7/35.

FT30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2823.4	2816.0	2821.1	2819.7	2817.9	2822.1	2826.4	2834.3	2835.3	2837.3	2815.4

	Sep 30	Sep 27	Sep 26	Sep 25	Sep 24	Yr ago
SEAQ bargains	42,124	34,266	34,838	34,361	36,343	26,838
Equity turnover (£m)†	–	1453.3	1392.8	1595.3	1402.4	1275.0
Equity bargains†	–	33,380	32,091	32,916	35,965	34,796
Shares traded (m)†	–	515.1	480.4	561.3	472.8	465.3

†Excluding intra-market business and overseas turnover.

	Sep 30	Sep 27	Sep 26	Sep 25	Sep 24	Yr ago	*High	*Low
FTSE AIM	1030.10	1030.20	1026.30	1028.20	1032.50	–	1146.40	965.70

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London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	610	Total Highs	122	Total contracts	23,096
Total Falls	636	Total Lows	70	Calls	12,146
Same	1,405			Puts	10,950

Sep 30 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full Index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Dec	3983.0	3987.0	+5.0	3998.0	3982.0	9764	58188
Mar	3978.0	3999.0	+4.0	3978.0	3978.0	77	370
Jun	–	4009.0	+4.5	–	–	0	300

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Dec	–	4420.0	-15.0	–	–	0	3571

FTSE 100 INDEX OPTION (LIFFE) (*3952) £10 per full index point

	3900 C	3900 P	3850 C	3850 P	3900 C	3900 P	3950 C	3950 P	4000 C	4000 P	4050 C	4050 P	4100 C	4100 P	4150 C	4150 P
Oct	169	4½	121½	8	79	16½	44½	32	19½	59	6½	98	1½	147½	1	197½
Nov	189½	16½	149½	23½	118	35	75½	52½	49½	76½	28	108½	14½	149½	8½	197½
Dec	216½	30	179½	41	141	54	107½	72	78	94½	53½	122	35	157	22	198½
Jan	229½	43	191	54	155½	69½	124½	87	90½	110	71½	135½	52	169	35½	206
Jun†	269½	102			235	136			182½	181½			133½	233		

Calls 3,843 Puts 2,625

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	3775	3825	3875	3925	3975	4025	4075	4125
Oct	191½ 4	144½ 6½	100 12	61½ 23	31 42½	11½ 73	3½ 114½	1 162
Nov	210½ 12	167 18½	127 28	91½ 42	61½ 61½	37½ 87	20½ 119½	8 158
Dec	236 26½	194½ 34½	158½ 46	122 60½	91 78	65 102½	44½ 131½	28½ 162½
Mar	243 73½		178½ 104½		128½ 145½		76½ 192½	
Jun†	267 110½		223½ 143		168½ 183½		122½ 233½	

Calls 2,016 Puts 2,987 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	3775	3825	3875	3925	3975	4025	4075	4125
Oct	191½ 4	144½ 6½	100 12	61½ 23	31 42½	11½ 73	3½ 114½	1 162
Nov	210½ 12	167 18½	127 28	91½ 42	61½ 61½	37½ 87	20½ 119½	8 158
Dec	236 26½	194½ 34½	158½ 46	122 60½	91 78	65 102½	44½ 131½	28½ 162½
Mar	243 73½		178½ 104½		128½ 145½		76½ 192½	
Jun†	267 110½		223½ 143		168½ 183½		122½ 233½	

Calls 2,016 Puts 2,987 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§–	F.P.	255.2	328½	318	AEA Technology	319	-4	L7.5	3.3	2.9	12.9
§100	F.P.	–	100	95	Amer Opps Ln 03/06	95		–	–	–	–
–	F.P.	12.1	68	62½	†Barbican Hithcre	62½		–	–	–	–
§–	F.P.	124.3	179½	167½	Brunner Mond	168	-1½	W8.45	2.0	6.3	9.9
–	F.P.	29.7	90½	81½	Cruden Bay	85½	-4	–	–	–	–
–	F.P.	207.3	196	182½	Daily Cmst Grp	187½	-1	W6.1	2.7	6.1	7.7
150	F.P.	30.8	167½	167½	Deltron Electm	167½		W2.75	2.9	2.1	15.8
–	F.P.	5.17	4	4	†Dentmaster	4		–	–	–	26.5
§146	F.P.	45.1	248	148	†Elec Retail Sys	214½	-3	–	–	–	–
§	F.P.	2.39	53	41	†Fayewood	45½pd		20.4	–	1.1	–
*	F.P.	208.0	£42½	225½	GT Chile Growth	225¼		–	–	–	–
§12.5	F.P.	1.83	15¼	13¼	†Grosvenor Land	15¼		–	–	–	–
§65	F.P.	18.2	55½	54½	Hambros Sm Asn C	65		–	–	–	–
§	F.P.	–	127	111½	Heralstone 8%	122½	-1	–	–	–	–
§12	F.P.	0.60	15	12	†Life Numbers	12		–	–	–	–
§	F.P.	0.16	8	2	†Life Numbers Wts	5		–	–	–	–
*	F.P.	0.38	8	3	Pemberstone Wts	6		–	–	–	–
65	F.P.	15.7	106	100	†/Personal No Co	101½		–	–	–	–
§65	F.P.	12.1	70½	69½	†Polydoc	70½		–	–	–	–
*	F.P.	217.5	£44	£25½	Regent Kingpin	£27½		–	–	–	–
*	F.P.	2.16	£550	£91	Regent K'pin Wts	£91		–	–	–	–
§100	F.P.	81.5	96	90¼	Schroder Em Cits	93½		–	–	–	–
§	F.P.	5.90	40	31	Schroder Em Wts	38		–	–	–	–
–	F.P.	5.61	137½	132½	Shaftane	137½		R4.0	2.1	3.6	11.3
§	F.P.	9.87	7¾	6¼	†Weeks Group	7½		0.09	4.8	1.5	17.3

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Sep 27	% chg on day	Sep 26	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (30)	1877.12	-0.6	1888.91	1974.75	1.69	–	2529.73	1722.93
Regional Indices								
Africa (13)	2495.03	-1.0	2520.15	2732.05	3.20	35.25	3563.86	2272.74
Australasia (5)	2075.30	-1.2	2099.83	2366.77	2.68	20.28	2927.34	2016.43
North America (11)	1877.12	-0.4	1883.15	1702.02	0.79	61.96	2186.39	1488.94

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FTSE Actuaries Share Indices

Produced in conjunction with the Faculty and Institute of Actuaries — The UK Series

	Sep 30	Day's chge%	Sep 27	Sep 26	Sep 25	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	3953.7	+0.2	3946.4	3933.2	3935.7	3520.2	3.94	2.04	15.53	145.91	1642.57
FTSE 250	4391.1	-0.3	4406.2	4404.9	4403.1	3958.9	3.44	1.53	23.70	149.46	1786.69
FTSE 250 ex IT	4420.7	-0.4	4437.9	4437.3	4436.7	3982.5	3.54	1.56	22.85	157.13	1802.55
FTSE 350	1969.8	+0.1	1968.4	1963.0	1963.9	1758.9	3.83	1.95	16.76	71.52	1671.82
FTSE 350 Higher Yield	1881.3	-0.1	1883.8	1879.1	1879.8	1743.3	5.10	1.83	13.39	92.48	1345.23
FTSE 350 Lower Yield	2065.4	+0.3	2060.1	2054.1	2055.1	1779.7	2.69	2.14	21.70	51.10	1442.68
FTSE SmallCap	2167.10	-0.1	2170.08	2171.88	2174.65	1970.52	3.13	1.59	25.18	55.35	1797.72
FTSE SmallCap ex IT	2159.92	-0.2	2163.95	2166.65	2170.78	1954.52	3.34	1.66	22.57	58.62	1804.29
FTSE All-Share	1945.00	+0.1	1943.93	1939.20	1940.13	1738.89	3.78	1.92	17.20	69.03	1675.81

FTSE Actuaries Industry Sectors

	Sep 30	Day's chge%	Sep 27	Sep 26	Sep 25	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3811.25	+0.4	3797.20	3754.61	3742.90	2947.12	3.65	1.63	21.07	126.66	1663.33
12 Extractive Industries(6)	4245.34	+0.1	4242.99	4132.09	4126.71	4283.35	3.82	2.66	12.28	161.60	1265.20
15 Oil, Integrated(3)	3921.24	+0.5	3900.95	3869.69	3857.52	2908.33	3.81	1.45	22.84	133.46	1756.51
16 Oil Exploration & Prod(15)	2831.71	-0.5	2846.31	2796.85	2781.05	1971.82	1.97	1.67	40.02	51.73	1715.64
20 GEN INDUSTRIALS(276)	2098.39	+0.3	2090.39	2090.27	2087.57	1987.83	4.00	1.74	18.00	70.44	1184.51
21 Building & Construction(35)	1193.84	.....	1193.45	1195.30	1195.43	923.59	3.47	1.57	22.96	31.44	1010.26
22 Building Matls & Merchs(29)	1966.32	+0.2	1961.56	1966.23	1959.92	1740.37	3.91	1.53	20.90	60.66	1007.20
23 Chemicals(25)	2518.64	+0.4	2508.25	2497.94	2497.77	2416.10	4.02	1.53	20.36	85.30	1213.68
24 Diversified Industrials(18)	1565.23	.....	1565.65	1561.98	1563.86	1793.25	5.88	1.62	13.15	87.44	901.23
25 Electronic & Elect Equip(37)	2398.27	-0.3	2406.28	2416.12	2408.09	2132.25	3.29	1.46	26.08	60.73	1262.95
26 Engineering(71)	2628.68	+0.5	2614.81	2615.84	2610.89	2206.29	3.10	2.44	16.50	63.00	1614.57
27 Engineering, Vehicles(14)	3229.52	+2.5	3151.06	3148.06	3163.79	2664.53	3.34	1.71	21.89	98.21	1702.09
28 Paper, Pckg & Printing(28)	2660.21	-0.1	2663.63	2658.46	2651.15	2923.32	3.90	1.83	17.54	84.65	1126.06
29 Textiles & Apparel(19)	1183.76	-1.0	1195.97	1198.61	1207.44	1608.05	6.03	1.18	17.51	50.38	735.83
30 CONSUMER GOODS(82)	3735.92	+0.1	3731.55	3697.54	3695.08	3397.78	3.79	1.94	17.03	123.46	1403.94
32 Alcoholic Beverages(8)	2779.36	+0.2	2773.32	2756.60	2778.48	2975.17	4.57	1.63	16.81	91.68	1016.22
33 Food Producers(25)	2582.38	-0.6	2598.23	2602.05	2595.16	2497.73	4.07	1.86	16.47	82.96	1183.57
34 Household Goods(15)	2721.22	+0.1	2718.19	2694.55	2684.41	2561.59	3.74	2.26	14.81	64.97	1047.82
36 Health Care(20)	2035.87	-0.4	2043.21	2048.91	2059.13	1982.82	2.71	1.96	23.56	42.70	1248.27
37 Pharmaceuticals(13)	5800.54	+0.8	5754.98	5548.02	5610.65	4485.72	2.91	2.06	20.84	162.93	2001.07
38 Tobacco(1)	3604.36	-2.0	3676.36	3714.48	3778.01	4481.10	7.27	2.06	8.36	262.07	928.18
40 SERVICES(255)	2581.98	-0.2	2586.57	2564.84	2573.17	2176.72	2.89	1.97	21.95	69.43	1350.42
41 Distributors(31)	2632.00	-0.6	2650.07	2652.22	2640.74	2754.51	3.04	1.99	20.68	73.30	1058.06
42 Leisure & Hotels(25)	3141.93	+0.2	3134.54	3126.75	3153.78	2484.90	2.77	2.03	22.17	172.03	1708.06
43 Media(45)	4360.29	+0.1	4354.99	4348.78	4364.30	3345.56	2.09	2.04	29.27	87.14	1594.23
44 Retailers, Food(15)	1928.94	-0.3	1934.70	1942.18	1959.91	2112.98	4.06	2.37	12.99	63.49	1247.19
45 Retailers, General(45)	2114.72	-0.6	2126.51	2123.76	2130.05	1800.95	3.03	2.06	19.83	54.80	1224.38
47 Breweries, Pubs & Rest.(23)	3056.06	-0.5	3113.24	3117.48	3111.85	2593.07	3.30	1.96	19.16	68.21	1502.21
48 Support Services(49)	2547.31	-0.3	2555.04	2557.10	2559.98	1848.72	1.82	2.30	28.23	42.53	1632.46
49 Transport(22)	2531.37	+0.3	2524.53	2514.37	2519.90	2209.89	3.76	1.09	30.62	81.68	1075.30
60 UTILITIES(33)	2268.56	-0.9	2288.64	2306.90	2303.02	2575.11	5.57	1.80	12.47	158.45	1010.10
62 Electricity(12)	2334.13	-1.1	2360.23	2366.80	2365.77	2792.69	6.53	2.40	7.98	429.17	1263.82
64 Gas Distribution(2)	1342.97	-0.5	1349.98	1356.14	1368.71	1753.63	8.92	0.83	16.81	66.67	704.40
66 Telecommunications(8)	1924.76	-0.5	1933.49	1959.23	1951.13	2157.57	4.19	1.53	19.49	50.32	894.01
68 Water(11)	2156.36	-2.2	2207.05	2208.00	2202.47	2134.80	6.37	2.31	8.47	94.85	1220.70
69 NON-FINANCIALS(670)	2045.95	.....	2046.53	2041.30	2041.26	1860.76	3.76	1.83	18.13	73.46	1582.43
70 FINANCIALS(105)	3185.48	+0.4	3172.52	3166.26	3176.38	2615.76	4.16	2.36	12.66	117.83	1400.10
71 Banks, Retail(8)	4565.39	+0.5	4542.57	4522.54	4543.30	3587.52	3.97	2.71	11.63	174.00	1525.59
72 Banks, Merchant(6)	3678.68	-0.8	3709.66	3719.48	3718.06	3831.92	2.83	2.85	15.46	91.01	1182.74
73 Insurance(22)	1484.39	+0.2	1482.08	1484.94	1482.56	1317.81	5.65	2.30	9.84	60.41	1134.89
74 Life Assurance(8)	3644.39	+0.7	3619.63	3635.11	3653.91	3036.05	4.26	1.94	15.15	151.01	1549.48
77 Other Financial(20)	2654.50	-0.1	2657.08	2648.37	2644.60	2933.17	4.02	1.77	17.59	88.41	1536.34
78 Property(41)	1655.20	+0.4	1647.96	1650.09	1662.67	1450.90	3.87	1.26	25.67	45.59	1034.20
80 INVESTMENT TRUSTS(127)	3207.09	+0.2	3202.26	3195.84	3188.38	2940.62	2.22	1.11	50.54	57.31	1130.17
89 FTSE All-Share(802)	1945.00	+0.1	1943.93	1939.20	1940.13	1738.89	3.78	1.92	17.20	69.03	1675.81
FTSE Fledgling	1238.92	.....	1238.78	1240.13	1241.47	1074.33	2.81	0.57	77.47	27.60	1308.42
FTSE Fledgling ex IT	1260.76	.....	1260.65	1252.69	1254.86	1070.60	3.01	0.46	80.00†	30.22	1323.55

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	3947.6	3936.4	3941.1	3937.6	3935.1	3940.9	3947.5	3954.0	3952.5	3954.0	3934.4
FTSE 250	4401.9	4399.7	4398.9	4397.8	4393.8	4393.2	4392.8	4392.4	4392.1	4401.9	4390.4
FTSE 350	1968.4	1963.8	1965.6	1964.1	1962.7	1965.0	1967.5	1970.0	1969.4	1970.0	1962.6

Time of FTSE 100 Day's high: 2:59 PM Day's low: 11:38 AM. FTSE 100 1996 High: 3977.2 (16/09/96) Low: 3832.3 (16/07/96).

FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Constrctn	1163.8	1164.1	1164.6	1164.6	1164.1	1166.1	1166.4	1166.7	1167.2	1167.3	1166.2	+1.1
Pharmaceuticals	5668.2	5670.2	5678.3	5668.3	5668.4	5678.9	5704.3	5704.6	5718.4	5731.3	5685.7	+45.6
Water	2167.2	2175.9	2175.9	2160.6	2151.4	2152.1	2151.7	2145.0	2142.5	2143.8	2193.5	-49.7
Banks, Retail	4606.3	4599.7	4604.5	4604.6	4603.7	4607.3	4623.5	4629.3	4624.2	4623.7	4600.5	+23.2

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810.

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Deletion: Wessex Trust (Fledgling).

FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	1,400	486	+6
ASDA Group†	12,800	105½	
Abbey National†	2,100	593½	
Albert Fisher	1,700	40¼	
Allied Domecq†	1,600	449	
Anglian Water	472	537½	-16
Argos†	553	751	
Arjo Wiggins	293	171½	
Assoc. Brit. Foods†	1,400	409	-11
Assoc. Brit. Ports	957	288	
BAA†	2,200	484	
BAT Inds.†	6,500	425½	-8½
BBA	514	338	
BICC	1,300	226	
BOC†	1,100	975½	
BP†	5,100	668	-1
BPB Inds.	488	374	
BSkyB†	2,200	583½	
BT†	10,600	358½	-2
BTR†	4,400	270½	
Bank of Scotland†	2,800	247½	-2½
Barclays†	3,900	999	
Bass†	1,400	779½	-5½
Blue Circle†	989	384½	-2
Boots†	28	380	
Boots†	981	823	
Britannic	224	852xd	
Brit. Aerospace†	1,200	1056½	-9½
British Airways†	1,100	542	
British Biotech	1,000	211½	
British Energy	5,900	103	
British Gas†	13,700	199½	
British Land	1,600	456	+½
British Steel†	5,900	198	+1½
Bunzl	783	237	
Burmah Castrol†	358	1143½	+6
Burton†	4,900	146½	
Cable & Wire†	3,700	449½	
Cadbury Schweppes†	1,200	513½	-½
Caradon	855	247	
Carlton Comms.†	1,500	483	
Chubb	985	315	
Coats Viyella	3,600	147	
Comm. Union†	820	600½	
Compass	1,100	599	
Cookson	953	249½	
Courtaulds†	1,500	481	+1½
Delgety	548	306	
De La Rue	127	585	
Diageo†	1,100	624½	
EMI†	355	1335

WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

EUROPE

AUSTRIA (Sep 30 / Sch)

		+/-	High	Low	Yld	P/E
Austria A	1,445	+55	1,980	1,360	3.5	
Austria B	1,250	—	1,450	1,050	2.5	
BauMax	468	+14	1,007	772	2.2	
Bohler	1,439	-30	1,480	1,050	2.1	
Brau AG	1,439	-30	1,480	1,050	2.1	
Brau Union

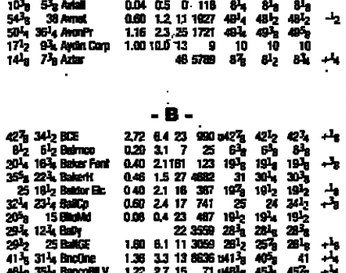
4 pm close September 30

NEW YORK STOCK EXCHANGE PRICES

1996 High	Low	Stock	Div	Yld %	PE	Sls 100s	High	Low	Close Quote	Chge Prev. Close
23⅜	17⅜	AAR	0.48	2.1	21	271	23½	22⅝	23¼	+⅛
48½	36⅛	AMP	1.00	2.6	18	4003	38¾	38¼	38⅜	-⅛
97½	68	AMR			18	6329	80½	79½	79⅝	+¼
50½	37⅝	ASA	2.00	5.2	25	495	38½	37⅞	38½	
40¾	29⅛	Abbot	0.96	1.9	21	7698	u40¾	40½	40¼	
17¼	12¼	ABMI Pf	0.40	3.1	8	355	12⅞	12¼	12⅞	
20¼	13½	ABM Ind	0.35	2.1	17	61	17	16⅝	16⅝	
19	13⅞	Acgtnetn			36	49	u19	18⅞	18⅞	
52	37¼	ACE Ltd	0.56	1.1	12	4538	u53	51½	52⅝	+⅞
10½	8¼	ACM Gvt In	0.48	4.9	8	202	10	9⅞	9⅞	
7⅞	6⅞	ACM GvOpp	0.57	8.1		50	7	6⅞	7	+⅛
9⅜	8⅜	ACM Man	0.90	9.5		294	9½	9⅜	9½	
13⅞	6¼	Acme Elect	0.32	4.2	127	160	7¾	7⅜	7⅝	+⅛
17½	12⅞	Acme Mtls			10	151	17¼	17	17¼	+⅛
33¾	27¼	Acordia	0.72	2.4	17	14	30⅜	30¼	30⅜	+¼
21⅞	12	Acusun			85	730	17¼	17⅛	17⅛	-⅛
20¼	17⅜	Adams Expr	0.48	2.4	1	195	u20¼	20	20⅛	+⅛
21¾	10¼	AdvMic			9	2167	15½	14⅜	14⅜	
11½	8½	Advest Grp	0.16	1.6	7	88	10	9⅜	9⅜	-⅛
26½	9⅜	Advo Inc	0.10	0.8	593	668	11⅞	11½	11⅝	+⅛
51½	41½	Aegon	1.45	2.9	15	197	49⅝	49¾	49¾	+½
6¾	3½	AerRx			3	437	5⅛	4¾	5	+⅛
70⅜	57⅝	Aetna	0.80	1.1	7	3631	u70⅞	70	70⅜	+¼
37⅜	28¼	Aflac	0.40	1.1	15	2443	u37⅞	35½	35½	-1
21⅛	17⅛	AGL Res	1.06	5.5	16	350	19½	19	19⅛	
28⅞	21¼	Ahmsn	0.88	3.1	7	7111	u28⅞	28	28	
60⅞	50⅜	AirPrC x	1.10	1.9	15	1595	58½	57⅜	58¼	+⅝
28⅜	19⅞	Airtrne Frt	0.30	1.4	14	712	21⅝	20⅝	21⅜	+⅛
25½	15½	Airgas Inc			40	1655	25⅜	24¾	25⅜	
18⅞	13¼	Airlease x	1.80	12.0	9	177	15¼	14⅞	15	
33⅝	25	AirTch			781	1006	27⅞	27⅜	27⅝	+⅛
30¼	15⅞	Alaska Air	0.20	0.9	7	1839	21½	20⅝	21⅜	+⅛
22⅝	17¼	Albany Int	0.40	1.8	14	4818	22	21⅞	21⅝	+⅛
24½	14⅜	Albmrl	0.28	1.6	5	384	17⅞	17⅜	17½	-⅛
47½	32½	AlbCstl	0.36	0.8	26	132	43¾	43¼	43⅝	-⅛
40¼	29⅝	AlbUnv A	0.38	1.0	17	84	37⅜	36⅝	36⅝	-⅛
43½	31½	Alcan	0.60	1.4	22	3783	42⅝	42	42⅛	
34⅛	28⅜	AlcNU	0.80	2.0	12	2976	30⅜	29⅝	30	
66	37⅜	AlcoSt	0.56	1.1	33	2361	49⅝	49⅝	49⅞	+¼
60½	39⅜	AlexBrown	1.00	1.7	6	882	58¾	58¼	57⅝	+1½
21⅜	15⅞	AlexW	0.10	0.6	22	584	16¾	16	16⅝	+⅛
31	29	AllegP	1.88	5.8	15	805	32¼	32	32	
25⅜	19⅞	AllegT	0.84	2.8	16	1493	22⅝	22½	22⅝	+⅛
28⅞	14¼	Allen Con	0.20	1.1	19	298	18⅜	18⅛	18⅜	
42	30⅝	Allergan	0.48	1.3	25	867	38½	37⅜	38⅛	
29½	21⅜	Alloe Cap	2.03	7.8	12	293	u26⅛	26	26	
13⅞	10	Allnce Cl	0.16	1.4		62	13⅜	12⅝	13⅛	+⅛
36⅜	23¼	Ald Irish	1.30	3.6	10	14	35¼	35¼	35¼	-¼
66⅛	47⅛	AldSig	0.90	1.4	19	5907	u66⅛	64¼	65⅞	+1¼
30½	24⅛	Allmerica	0.16	0.6	11	804	30⅜	28	29	-½
10⅞	8¾	Allmer	0.84	8.3		24	10⅛	10	10⅛	+⅛
49⅞	37⅜	Allstt	0.76	1.6	10	7388	u49¾	48	49¼	+⅛
35⅞	26⅝	Alltel Crp	1.04	3.7	15	1105	28½	27⅝	27⅞	-⅛
5½	3⅞	Almeida			60	1409	4½	4¼	4¼	
27⅝	14⅝	AlpharesA	0.18	1.2	28	337	16	15⅜	15⅝	+⅛
39⅜	26⅝	Alumax			5	1093	33⅛	32⅜	33½	+⅛
66¼	49⅛	Alcoa	0.90	1.5	15	4133	59⅝	58⅞	59	+⅛
34	24	Alza Cp A			27	2039	26⅝	26¼	26⅜	
6¾	5¼	AmBiolac	0.30	5.9		326	6¼	5⅞	6	
13⅜	10¼	Am Fncs x	0.26	2.1	15	40	12½	12⅜	12⅜	-⅛
9⅝	5¼	AmcstH	0.08	1.4	19	1014	5¾	5½	5⅝	
58¼	45⅜	Amlac	0.60	1.1	7	913	55⅝	55¼	55¾	+⅛
20¼	16⅜	Anacmt Ins	0.96	2.9	10	31	19½	19¼	19¼	+⅛
59⅞	47½	AnadrkS	0.60	1.7	78	3530	53⅝	52⅝	52⅞	+⅛
47⅞	39⅞	AnrBrnd	2.00	4.7	13	1134	42½	42¼	42¼	+⅛
28¼	19	An Bus Prd	0.56	2.8	15	30	22⅜	22¼	22¼	+⅛
34⅝	24	AmEPwr	2.40	5.9	13	1171	40⅞	40⅝	40⅝	+⅛
50¼	38⅝	AmExpr	0.90	1.9	13	7978	46¾	46⅛	46¼	+⅛
34⅜	27⅜	AmGenl	1.30	3.4	15	2263	38⅝	37¾	37¾	-⅛
5⅝	4¾	Am Gold In	0.77	15.4		152	5	5	5	
23⅞	20½	Am Hlth Pr	2.02	9.2	10	165	21⅞	21¾	21⅞	+⅛
24¼	19	Am Heritge	0.76	3.7	10	35	20¾	20⅜	20⅝	-⅛
64⅞	47	AmHome	1.54	2.4	32	6894	64⅞	63	63¼	+⅛
3½	1⅜	Am Hotels	0.75	66.7	16	5	1½	61⅝	1½	
103⅝	88½	Amhsit	0.40	0.4	17	5496	101⅛	100½	100¾	+⅛
6	5¼	Am Opp Inc	0.84	14.6		326	5⅞	5¾	5⅝	
9⅜	8⅝	Am Real Ec	0.44	4.9	6	44	9	9	9	
42¼	24⅞	AmStor x	0.64	1.8	17	3730	40	39½	40	
21⅝	17⅞	Am Wtr 5¾%	1.25	6.4		z100	18½	19½	19½	
22	17¾	Am Wtr	0.70	3.2	16	794	21⅝	20⅝	21⅛	+⅛
34½	29½	Ams Fin	1.00	3.2	5	1042	32⅞	31½	31½	-1
63⅝	38¼	Amer Re	0.44	0.7	47	674	63½	63½	63½	
35¼	25½	AmStnd			34	1304	34½	34¼	34¼	
86⅝	48⅝	Amritch x	2.12	4.0	14	4476	53¾	52⅝	52⅝	+⅛
41¾	34½	Amerce Int	1.28	3.3	16	76	38⅝	38⅜	38½	
22¼		Ametek	0.24	1.3	13	262	19¾	18⅝	18⅝	-⅛
75¼		AmAmco	2.60	3.7	16	4202	70⅝	70⅜	70⅝	+⅛
13⅝		AmpcoPitt	0.10	0.8	10	163	12¾	11⅞	11⅞	+⅛
27⅞	18¾	Amphenol			36	1352	27⅞	27⅛	27⅝	+⅛
13		Amrep Inc	0.12	0.8	5	1927	14	13¾	13⅝	+⅛
44½	34⅜	Amsouth	1.60	3.6	13	2119	u44½	43¾	44⅛	+⅛
61	46¾	Amadarko	0.30	0.5	70	4522	58¾	54⅞	55⅝	+2⅜
30½		Amsoy			20	9735	28¼	27¼	27¼	+⅛
25½	19⅝	Angelica	0.96	4.4	270	21	21¾	21⅝	21⅝	
40	32½	AnBsch	1.92	5.1	12	8464	38¼	37¾	37⅝	+⅛
20	12⅝	Anadex			20	330	14⅝	14⅜	14⅝	
55⅞	47½	Anr Cp	1.44	2.7	15	1738	54½	53	54¼	+⅛
34⅝	24⅜	Apache Crp x	0.28	0.9	42	7282	30¼	29⅝	29⅝	+⅛
9⅝	6½	Apex Mun F	0.69	7.3		545	9⅝	9⅜	9⅜	
21⅜	8¼	Applid Mag			13	771	16	17⅝	17⅜	-⅛
33	25⅞	Appl Pwr A	0.12	0.4	13	216	32	31¼	31⅝	+⅛
19¼	15½	ArchDn	0.19	1.0	15	7138	u19¼	19	19¼	+⅛
54	47⅛	Arco Chemi	2.80	5.6	11	258	50	49⅝	50	+⅛
6½	4⅛	Armco			19	3234	4½	4¼	4½	+⅛
24½		Armco 2 IP	2.10	8.9		7	23⅝	23⅜	23⅝	
65½	51⅞	ArmstW	1.60	2.8	26	987	62½	62	62⅜	
53⅝	35¼	ArmWl			10	1374	47⅛	44½	44½	-2½
9¼	4⅝	Artra Grp	0.22	3.8	2	135	5¾	5⅝	5⅝	
24⅞	18¾	Arvin Ind	0.76	3.1	19	369	24¾	23⅝	24⅝	+⅛
36¾	23⅜	Asarco	0.80	3.0	7	861	26⅞	26⅜	26⅝	-⅛
25¾	18¾	AshdlSCDR	0.32	1.9		934	17¼	d16¾	16¾	-⅜
44⅜	34¼	Ashind	1.10	2.8	22	2081	39½	39⅛	39⅜	
28⅜	20½	Ashld Coal	0.48	1.8	18	68	24⅞	24	24⅞	+⅛
18¾	11¼	Aspect Tel	0.04	0.3		82	12½	12⅝	12⅝	+⅛
3⅞	2⅜	Asset Inv x	0.38	10.9	6	68	3⅝	3½	3½	
66⅞	49¼	AT&T	1.32	2.5	20	39018	52¼	51	52¼	+⅛
305½	260	Atl Rich 2	2.80	0.9		3	u305⅞	305½	305½	+½
14⅜	7¼	Atlanta Sos	0.28	2.9	8	21	9½	9½	9½	
20	16	Atlntic Egy x	1.54	6.8	10	206	17⅜	17½	17½	
128	107½	AtlRich	5.50	4.3	14	3654	u128	126⅝	127½	+2
2	1⅝	Atlas		0.90	65.7	1	12	¾	¾	
31	20⅞	Atmos Engy	0.96	4.1	13	74	23⅜	23¼	23⅜	
22⅛	15½	Augat	0.16	0.8	148	1219	21⅜	21	21¼	+⅛
9⅜	8¼	Austria Fd	0.63	0.3		8	8⅜	8⅜	8¼	
45¼	35⅝	AuStata	0.80	1.8	27	2458	44½	43½	43⅝	-⅛
37⅝	23⅜	AutoZone			26	5511	28¼	28	28	
16½	11¾	Avemco x	0.48	3.1	13	3	15⅝	15⅝	15⅝	
10⅜	5⅜	Avnet	0.04	0.5	0	118	8¾	8¾	8¾	
54⅜	38	Avnet	0.60	1.2	11	1627	49¼	48½	48½	-½
50¼	36¼	AvonPr	1.16	2.3	25	1721	49¼	49⅛	49⅜	
17½	9¾	Aydin Corp	1.00	10.0	13	9	10	10	10	
14⅜	7⅜	Aztar			46	5789	8⅞	8½	8¾	

- B -

42⅞	34½	BCE	2.72	6.4	23	990	u42⅞	42½	42¾	
8½	5½	Balmco	0.20	3.1	7	25	6¾	6⅝	6⅝	
20¼	16⅜	Baker Fent	0.40	2.1	181	123	19⅜	19¼	19⅜	
28⅝	22⅜	BakerH	0.46	1.5	27	4682	31	30¼	30⅜	
25	18½	Baldor Elc	0.40	2.1	16	367	19⅞	19½	19½	
32¼	23¼	BallCp	0.60	2.4	17	741	25	24	24½	
20⅝	15	BllsMid	0.06	0.4	23	467	16½	15½	15½	
29¾	12¾	Bally			22	3559	28¼	28¼	28⅜	
29½	25	BallGE	1.80	6.1	11	3069	28½	25⅞	28⅛	+⅛
41⅜	31¼	BncOne	1.36	3.3	12	8636	u41⅜	40⅝	41	+⅛
48½	35¼	BancOfA V	1.22	2.7	15	71	u48⅛	45¾	45⅞	+⅛
11⅝	9¾	BCH	0.23	2.0	36	15	11¼	11¼	11¼	
39⅜	33½	BcpNewell	1.20	3.1	12	520	u39¾	38	39	+⅛
55⅝	44½	Banctrp x	0.90	1.8	13	290	49⅞	49	49⅜	+⅛
85¼	58¾	BankAm	2.16	2.6	11	9561	82⅝	82¼	82½	+⅛
30¼	21⅜	BankNY	0.88	3.0	12	8540	29⅝	29¼	29½	
24	19¼	BTNY ADR x	0.07	0.3	165	12	21⅝	21½	21⅝	
51	45	BankAm A	3.25	7.0		z100	46½	46½	46½	
93	82¼	BankAm B	6.00	7.1		6	85	84½	84½	
57⅝	41½	Bkbstn	1.76	6.0	11	3398	u57⅞	56⅝	57⅝	+⅛
85	75¼	BkBstn0.59	5.62	7.0		4	78½	78½	78½	+1
46⅝	41½	BkbostnA	3.00	7.0		2	43	43	43	
63½	61	BskTst x	4.00	5.1	12	8891	78⅞	78¼	78⅝	
60	42	Bokerp	1.82	3.1	11	44	58¾	58	58½	
37⅜	28¾	Bard (C R)	0.68	2.2	19	1305	31⅞	31	31½	
51⅞	35	Barnes Grp	1.80	3.6	12	60	49⅞	49¾	49¾	+⅛
34¼	27⅜	BarrdGld	1.06	3.2	11	2943	34	33½	33¾	
32⅞	24⅝	BrckGd	0.12	0.5	32	8453	25¼	d24⅝	25⅛	
16	11½	BarryRG			14	43	13½	13⅜	13⅜	
11⅞	7⅛	BattMt	0.05	0.6	15	1965	7¾	7½	7¾	
44½	32½	Bausch	1.04	2.8	22	892	37	36¾	36¾	
48⅛	36¾	Baxter	1.21	2.8	18	5583	46¾	46⅜	46¾	+⅛
43⅜	30¼	BayNtwks				2618	39¼	37¾	37¾	
29⅝	25⅜	Bay St Gas	1.54	5.8	12	36	27	26¾	26¾	+⅛
40⅜	15¾	BBN			5	776	17½	16⅞	17⅛	+⅛
22¾	19⅜	Bd Tr 1635 x	1.59	8.1		17	19½	d19¾	19⅜	
8⅞	7¾	BEA IncPd	0.72	9.1		825	8	7⅞	7⅞	
9⅜	8½	Bear Strat	0.81	8.9		64	9⅛	9⅛	9⅛	
24⅞	17¼	Bear Stns	0.60	2.6	6	1750	23⅝	23¼	23¼	+⅛
44⅞	41	BearSt PIA x	2.85	6.6		5	43¾	43⅝	43⅝	
33¾	24	Bearings	0.56	2.0	14	178	28¼	28	28¼	+⅛



1996 High	Low	Stock	Div	Yld %	PE	Sls 100s	High	Low	Close Quote	Chge Prev. Close
41⅛	32	Beckman In	0.52	1.3	19	2447	39½	38¾	39⅛	-⅛
44⅞	35½	BectnD	0.48	1.0	21	2818	u44⅞	44⅛	44¼	+¼
15⅞	12⅝	BdfrdProp x	0.48	3.4	19	25	14¼	14⅛	14⅛	
74⅜	55¼	BellAtl	2.86	4.8	13	6157	60⅝	59⅜	59⅝	+⅜
22¾	15	Bell In	0.40	2.6	7	821	15¼	15½	15½	-⅛
45⅛	36¼	BellSth	1.44	3.9	17	11978	37⅜	36½	37	+⅛
41⅜	31	Belo A	0.44	1.3	19	7062	34⅜	34¼	34⅜	+⅛
36¼	25⅞	Bemis	0.72	2.1	18	525	34½	33⅝	33⅞	-⅛
67	59	Benef 4.3P	4.30	7.0		8	62	61	61	-1
61¼	43⅝	Benef	2.08	3.8	12	704	57¾	56⅝	57½	
27⅜	20¼	Beneficn A	0.37	1.6	14	31	23⅝	22⅝	22⅝	-⅛
2⅞	1⅝	Benpcot B	0.04	0.5	23	132	1⅝	1⅝	1⅝	+⅛
32½	24⅛	BergBr	0.46	1.5	16	769	32¼	31¾	31¾	-⅛
39000	28690	BerkHA				76	270	32300	32150	32150	-50
1220	990	BerkHtl					10	1080	1084	1073	+5
12⅜	8¾	Berry Petr	0.40	3.5	16	88	11½	11¼	11⅜	
26¼	12	Best Buy			22	802	23	22⅞	22¾	-¼
28⅛	25⅞	Beth St 2.	2.50	9.3		13	26⅝	26⅝	26⅝	
53½	40⅜	Bttzm	1.48	2.8	22	547	52⅝	52⅜	52⅜	
12⅝	9¼	BevEnt			67	3167	10⅞	10½	10⅝	+⅛
18	14½	Birmingm S	0.40	2.5	166	389	16	15¾	15⅝	
44¼	30⅜	BlDeck	0.48	1.2	13	2412	41¼	40¼	41½	+1⅜
25¼	22⅜	Black H PL	1.38	5.3	13	86	26	25⅝	25⅝	
9	8	BlckrckAdv	0.62	7.8		18	8¼	8¼	8¼	
8⅝	5⅞	BlckrckInc	0.56	8.8		388	6⅜	6¼	6¼	
9	8⅜	BlckrckTgt	0.57	6.6		387	8¾	8⅝	8⅝	
42⅜	23⅝	Block	1.28	4.3	26	1986	29⅞	29½	29¾	+⅛
34⅜	25⅞	Blount A	0.44	1.3	11	239	33⅞	33	33⅝	+⅛
9⅜	7½	Blue Chip	0.12	1.3		322	u9⅜	9¼	9¼	
4¼	2⅞	Bluegreen			108	402	3¼	3	3¼	
32⅜	16¾	BMC Ind x	0.05	0.2	26	216	26⅞	26⅝	26⅝	
88	74¼	Boeing	1.12	1.2	31	8626	95¼	94½	94½	
47¼	30¼	BoiseC x	0.60	1.8	6	6757	34½	33¼	34	+⅝
11⅞	4⅝	Bombay Co			40	585	5⅝	5⅝	5⅝	
15⅞	6⅝	Borda Chm	0.40	4.4	12	495	9	8⅞	9	
25½	20⅛	Bostn Celt	1.50	7.0	2	39	21½	21	21½	
57⅜	37⅞	BostSci			140	6732	u57⅞	56⅞	57½	+1⅝
41⅝	31½	Bowatr	0.80	2.1	5	3723	38	35¼	38	+2
26¼	20⅛	Brazil Fd	1.34	8.1		232	22	21⅞	21⅞	
21⅝	17¼	BRE Prop	1.32	6.6	16	393	20¾	20	20	
29½	16	BroadTech x	0.28	1.0	13	722	27⅝	27⅜	27⅝	+⅛
46⅞	36½	BrkgSt	1.08	2.4	13	292	44¼	44¼	44¾	
18¼	12⅜	Brkfairint			38	972	17¼	17	17	
88	72	Br Air	2.18	2.6	11	192	86	84⅜	85½	+2⅝
41⅛	26	Brit Gas	2.39	7.6	16	100	32	31⅝	31⅝	
125¼	84½	BP	3.43	2.7	29	17094	u125¾	123⅝	125	+⅛
17⅜	14¼	BP Prudhoe	1.73	10.1	10	200	17⅛	16⅞	17	
31½	24⅞	BStael	1.54	5.4	5	1269	30⅝	30½	30½	
37¼	18⅛	BstSth	3.06	5.5	11	338	56	55¾	55¾	
29⅞	24⅞	BstpU	1.42	5.1	14	627	28⅛	27⅝	27⅝	
23¼	11⅞	BrwnGp x	1.00	4.3	48	2225	u23¾	22½	23¼	
13¾	6⅝	BrwnSh	0.32	2.3	25	312	u13¾	13⅜	13⅝	+⅛
42⅝	34⅜	BrnFrmB	1.04	2.7	18	47	38⅝	38⅜	38½	+⅛
42½	35¾	BrnFrmS	1.04	2.7	18	341	39¼	38¾	39⅛	
32⅞	21⅜	BrFerr x	0.68	2.7	18	3547	25¼	25	25	
6¼	4⅛	BRT			22	33	6	6	6	
27¼	17¼	Brunswk	0.50	2.1	13	1776	24½	24	24	
29¾	17⅞	Bucyrus Wtl	0.44	2.3	15	400	19¾	18¾	19¾	
29¾	21¼	BuckeyeCel			13	23	28	26	26	
39¾	34¼	Buckeye Pt	2.95	7.5	9	27	39¼	39	39¼	
12½	9⅜	Burl Coat	0.60	5.5	15	598	11	10⅝	11	
47⅛	35⅞	Burln Resc	0.55	1.2	29	1670	44⅞	43½	44⅜	+⅛
13	9¾	Burshaus Pc x	1.00	8.5	13	390	11⅞	11⅝	11⅝	
30⅞	20½	BushBoake			14	41	24	23⅞	23⅞	

- C -

31⅞	27⅞	CMS En	1.08	3.8	13	2906	30⅝	29⅞	30⅛	+⅛
17⅞	9⅝	CNA Fn			6	273	9⅝	9⅝	9⅝	
75¾	64⅞	CPC x	1.52	2.0	20	2355	u75¾	74¾	74⅞	
19⅜	13⅝	CPI Corp	0.56	3.0	28	124	18⅞	18⅝	18⅝	
53⅛	42¼	CSX	1.04	2.1	12	3177	51¼	50⅛	50½	
47	35	CTS Corp x	0.72	1.7	11	3	42¼	42¼	42¾	
25¼	18¼	CableMidWe	0.48	2.3	16	179	21¼	20⅞	20⅞	
87⅛	53	Cablevsn			30	4893	69⅜	68¼	68¾	
23⅞	21⅜	CabotC	0.36	1.3	12	1284	28¾	27⅞	27⅞	
18⅜	13½	Cabot O&G	0.16	1.1	4	229	14½	14⅛	14⅜	
24	17⅜	CadburySch			27	4649	37¼	35¾	35¾	
23⅞	14¾	CalFedBcp			11	1475	u22⅜	22¼	22¼	
24	17⅜	Cal Real E	0.20	8.0	8	70	25	2½	2½	
31⅞	18⅜	Calenergy			22	910	u31⅞	31¾	31⅞	
14½	9½	Calgon Cbn	0.30	2.9	18	959	10½	10¼	10⅜	
50¼	15⅝	CalSys	0.72	4.5	23	3419	16⅜	15⅞	16⅛	
35⅝	18½	CleryGf	0.24	0.7	21	2319	34¼	33¾	34¼	
18⅞	16⅜	Callmat Co	0.40	2.2	22	186	18¾	18½	18½	
78⅝	55	CmpbSt	1.36	1.8	24	3919	76¼	77⅝	78	
1½	⅜	Campbl Re			16	1866	1½	1	1	
23⅛	19⅝	CanPac x	0.40	1.5	29	3710	u22⅝	23¼	23⅛	
32½	21¾	CapOneFin	0.32	1.1	13

NYSE PRICES

4 pm close September 30

Continued from previous page

1996 High	Low	Stock	Div	Yld %	PE	Sls 100s	High	Low	Close	Chge
33½	22¾	SchnitzMend	0.80	1.8	15	72	u33½	33¼	33½	+¼
20⅝	12	SciAtl	0.06	0.4	198	1823	16	15¾	15⅞	+⅛
24	17	Scotmen s	0.10	0.4	12	10	22⅞	22⅝	22⅝	
47½	38⅛	Scripps	0.52	1.1	26	836	47¼	46⅝	46⅝	-¼
18⅛	12⅞	ScudderNewF	0.02	0.2		147	13¼	13⅛	13⅛	
13¾	11	ScuddrNEuF	0.16	1.2		289	u13¾	13⅝	13¾	
20½	16	SeaChrS	0.17	0.9	26	3	19½	19½	19½	-⅛
16	15	SeaCt1.4925	1.48	9.4		12	15¾	15½	15⅝	+⅛
67¾	36¼	S*pore				27	5132	57	55⅝	55⅝	+¼
38⅝	30⅞	Seagram	0.80	1.6	25	2780	38⅛	37¼	37⅝	+¼
26	17⅛	Seagull En	1.20	6.1	12	2287	19¾	19½	19⅝	
39	26	Sealed Air	0.84	1.7	25	574	37⅞	37	37¼	+⅛
53⅞	38¼	SearsR	0.92	2.1	161	3036	44⅝	44⅜	44⅜	+⅝
22⅝	19¼	SecCapStk	1.24	6.9	18	1545	21⅝	21⅛	21⅛	-⅝
13	11⅞	Seligm Sel	0.84	6.8		73	12⅞	12¼	12⅝	+⅛
23¼	13⅝	Semtouch	0.22	1.2	13	989	18	17⅝	17⅞	+⅛
46½	29½	SequaA	0.60	1.3	51	40	45¼	44⅝	44⅝	-⅛
53⅝	39	SequaB	0.50	0.9	61	4	53¼	53¼	53¼	-⅛
31¾	19½	ServCp	0.24	0.8	29	2648	30¾	30⅛	30¾	+⅛
24⅞	19½	ShMdlr	0.68	2.8	15	168	24⅜	24¼	24¼	-⅛
6¼	4½	ServMarch				10	2625	4⅝	4⅝	-⅛
50⅜	29½	SGSTtrn				9	946	47⅝	47¼	-⅛
15⅝	10⅝	Shaw Ind	0.38	2.2	34	3811	13⅝	12½	13⅜	+⅛
13½	10⅛	Shelby Wil	0.32	2.5	15	63	13	12¾	12¾	
94¾	78⅞	ShellTr x	3.26	3.5	19	2955	92⅝	92	92⅛	-⅛
47½	39	ShelW	0.70	1.5	16	991	46⅜	46	46⅜	+⅛
13⅜	7⅝	Shonays			10	933	9⅛	9	9⅛	-⅛
35½	18¾	Showboat	0.10	0.5	51	915	22⅝	21⅞	22	+⅛
26⅛	22¾	Sierra Pac	1.18	4.6	12	1514	26	25⅞	25⅞	+⅛
8	3½	SignalApp			0	17	4	3⅝	3⅝	-⅛
29	20	Signet Bnk	0.80	3.0	16	5858	27	26	26¾	+⅛
30⅜	20	SiliconGr			34	5755	22¼	21⅜	22¼	+⅜
25¼	24¼	SimonDebt				1061	u25¼	25⅛	25⅛	
9¾	7⅜	Sizzler	0.68	9.6	31	91	9	8⅞	9	
8	6¼	Sizzler	0.18	7.1	0	731	2½	2½	2½	
28½	19¼	Skyline	0.60	2.2	14	117	27¼	27½	27½	-⅛
11⅜	6⅝	SL Inds	0.06	0.6	16	89	9¼	9⅛	9½	
36⅜	19⅞	SmithIn				26	2257	36¼	35¾	-⅛
61¼	48⅝	SKBchm	0.36	0.6	29	3581	u61¼	60½	60⅞	-⅛
37	21½	Smiths Fd	0.60	2.3	3	109	26⅝	25½	25½	-⅛
22½	16⅛	Smucker J	0.52	3.1	18	80	17⅛	17	17	
33	27¼	SnpOpT	0.80	2.5	16	822	32⅝	32	32⅛	
51⅛	29	Solectron			22	1870	49½	48	49	-⅜
47½	31⅛	Sonat	1.08	2.4	17	2489	45⅛	44¾	44¾	-⅛
30⅞	25¼	Sonoco	0.68	2.4	15	969	28	27½	27½	-⅜
86⅝	57⅜	Sony	0.40	0.6	50	380	63¾	63½	63½	-⅛
16¾	12½	Sotheby	0.32	2.0	25	136	16⅛	16⅛	16⅛	-⅛
45⅞	36⅜	Source Cap	3.70	8.8	421	22	42⅛	42	42¼	-⅛
41	32	SouthCarSN	2.50	7.4		2100	34	34	34	
21¾	12⅜	SthJersInd	1.44	6.1	13	51	23¾	23½	23½	-⅛
25¾		18	SthDown	0.40	1.6	9	680	24⅝	24⅝	24⅝	-⅛
23¾	18¾	SCalEd	1.22	5.3	12	42	23¼	22¾	22¾	-⅛
34	25¼	SthNatGs	1.08	3.2	12	953	33⅝	33¼	33¼	-⅛
25⅞	21¼	SthCo	1.28	5.6	13	5223	22¾	22⅜	22⅝	+⅛
45⅞	36¾	SNETel x	1.76	4.8	13	884	37½	36⅝	36⅝	-⅛
33¼	21¾	SWAir	0.04	0.2	15	4886	23¼	22⅝	22⅝	+⅛
18⅝	14⅞	SouthWGas	0.82	4.7	25	107	17¾	17½	17½	
16⅛	10⅝	SouthWEngy	0.24	1.6	22	173	15	14¾	14⅞	
34⅛	30¼	SouthWPSv	2.20	6.6	12	178	32⅝	32⅜	32½	+⅛
9⅞	8⅝	Spain Fund	0.46	4.7		336	u9⅞	9⅝	9⅞	+⅛
8⅛	3¼	Spartan Op	0.52	6.8	14	30	7¾	7½	7½	
14	8⅛	SpheriD	0.04	0.4	4	1667	9¼	9	9	-⅛
50½	38⅝	Spring	1.32	3.0	8	294	44⅝	44⅜	44½	+⅛
45½	34½	Sprint	1.00	2.6	13	9274	38⅞	38⅜	38⅞	
31⅝	13⅝	SPX	0.40	1.3	186	306	30	29¾	29⅞	+⅛
14¾	7½	Std Comm	0.40	3.2	8	96	12½	12½	12½	
46	36⅝	StFedBoc	0.80	1.7	11	770	45⅞	45⅝	45⅝	-⅛
18¼	12⅝	Std Motor	0.32	2.2	13	52	14⅜	14	14¼	-⅛
7⅜	5⅜	StandPacUt	0.12	2.1	8	267	5⅞	5¾	5¾	-⅛
28¼	18¾	StdPrd	0.68	2.7	29	723	25¼	24⅝	25¼	-⅛
32⅝	25⅜	Standex	0.72	2.4	13	402	30¼	30	30	
32⅝	25⅜	Stanhome	1.12	3.9	13	360	29	28⅝	28⅝	+⅜
32⅜	23⅝	StanWk	0.74	2.6	41	2467	28¼	27⅞	28¼	+⅜
88⅞	58¼	StarBnc x	1.88	2.2	17	321	u86⅞	86¼	85⅞	-⅜
39⅜	22½	Starrett	0.72	3.0	9	80	24	23⅞	23⅞	+⅛
57⅝	41⅜	StatStBO x	0.76	1.3	17	686	u57⅞	57½	57⅞	
27⅞	22⅞	Std Regis	0.76	2.8	14	95	27⅝	27⅜	27⅜	-⅛
13⅝	10¼	StarSpSrp	0.32	2.5	12	107	13	12¾	12¾	-⅛
19⅛	10⅞	StrEt			8	271	12	11⅝	11⅞	
81⅞	46⅜	StarbSwns			10	2431	77⅜	76	76⅜	-1⅝
8¼	6¼	StMet Fin	0.12	1.6	17	20	7⅝	7⅝	7⅝	
37⅜	26⅝	StoneWeb x	0.60	1.9	36	32	31¾	31½	31½	
17⅜	12⅛	Stone Cont	0.60	3.6	6	10859	15⅞	15	15⅝	+⅛
44⅛	27	StrTch			22	3595	38¼	37½	37⅝	+⅛
34⅞	16⅝	Stratus			23	640	20¼	19¾	19¾	-⅛
10⅞	6½	StrideRite	0.20	2.2	33	1149	9⅛	8⅞	9	+⅛
27	13¼	Sturm Ruger	0.80	4.1	15	386	20⅜	19⅝	19⅝	-⅛
41¼	32⅞	SuffolkBcp	1.44	3.6	18	1923	40½	39¾	39¾	-⅛
5	3⅜	Sun Energy	0.08	1.7	13	163	4⅝	4½	4⅝	
36⅞	22	Sunamr	0.30	0.9	18	1908	u36⅞	34½	34½	-⅛
41⅝	32¾	Sndstr	0.68	1.7	18	816	39½	39	39	
11¾	10⅛	SnsourceA x	1.10	10.3	9	64	10¾	10⅝	10⅝	
41½	32	Sunstr	1.60	3.8	15	762	41⅝	40⅞	41	
13¾	9¼	Super Food	0.40	3.5	12	481	11⅝	11⅜	11⅜	
28⅜	22½	Superior	0.24	1.0	16	215	24⅛	23¾	24⅛	
33	27¼	Supvsl	1.00	3.5	11	3710	27⅝	27¼	27½	+¼
22⅜	20	Swiss Helv	0.38	1.8		44	21¼	21⅛	21¼	+⅛
48	31⅞	Symbol Tec			24	676	46	43¾	46	+2
8⅝	6¾	Synrg Corp	0.20	2.4	11	17	8¼	8¼	8¼	-⅛
27¼	17½	Synovus Fn x	0.44	1.7	23	676	27	26	26	-⅛
35¼	27⅝	Sysco	0.52	1.5	22	2339	33⅝	33⅜	33⅝	

- T -

5	3⅜	TCBY Enter	0.20	4.8	7	85	4½	4⅜	4⅜	-⅛
38⅝	29⅝	TCF Financ	0.76	2.0	13	2568	u38⅝	37⅝	37⅝	-⅛
9⅝	8¼	TCW Conv S	0.84	9.1		128	9⅜	9¼	9¼	
61⅜	46	TDK Corp A	0.43	0.7	31	11	u61⅞	61¾	61⅜	
1⅜	⅜	TIS Mtge	0.08	9.1	2	59	⅞		⅞	
36⅝	17	TJX	0.28	0.8	27	4134	35¼	35⅛	35⅛	+½
28⅝	18½	TNP Enterp	0.96	4.0	7	289	24⅞	24¼	24⅜	
101½	74⅞	TRW	2.20	2.4	13	1280	95⅛	93	93	-1½
25⅜	19½	Talisman Rl	0.03	0.1		107	23¼	23	23⅛	
9⅜	6½	Talbots	0.42	5.6	49	143	7⅞	7⅞	7⅞	
21	15⅜	Talley Pf	1.00	5.4		40	18½	18½	18½	
52¼	35	Tambrds	1.84	4.4	17	1897	42⅜	41⅞	42⅛	-⅜
15¼	8⅞	Tandem			63	6106	11⅜	10½	10⅜	-⅝
58½	34½	Tandy x	0.80	2.0	17	3922	40⅞	40⅜	40⅜	-⅛
10⅜	9⅞	Tasaus Mpa	0.69	6.8		71	10⅝	10½	10½	+⅛
2¾	1⅝	TCDrd			11	39	1⅞	1⅞	1⅞	
27	23	Taco Energy	1.12	4.7	14	2299	24½	23¾	23¾	-⅛
49⅞	30½	Tektrnx	0.60	1.5	13	1288	41⅞	40⅜	40⅞	+⅛
30⅝	22⅞	TeleDa	1.16	4.9	9	1537	24	23⅝	23⅝	-⅛
57⅜	42¼	TeleEspSA	1.35	2.4	15	274	55⅞	55½	55⅝	+⅛
39¼	27⅞	Telmex	0.85	2.6	13	8959	32¾	31⅝	32⅛	+⅛
53⅛	39⅝	Teptrol	1.28	2.4	12	1347	u53¼	52⅜	52¾	+¼
21⅞	16⅞	TempEmMk	0.27	1.5		167	18¼	18	18⅛	-⅛
7¼	6¾	TempMSlct	0.60	8.4		47	7⅛	7	7⅛	
7½	6¾	TempMSPd	0.60	8.3		417	7¼	7⅛	7¼	+⅛
23¼	18⅛	TenetHlth			14	4002	22¾	22½	22¾	+⅛
58½	45⅜	Texaco	1.80	3.8	8	3581	50⅝	49⅝	50¼	-½
40¼	34⅜	Teppco Pts	3.00	7.9	11	193	38⅜	38⅛	38⅛	-¼
27⅝	11¾	Tenadyne			8	2469	17¼	16⅝	16⅝	-¼
9⅜	4⅛	Terex	0.06	0.8	6	49	7¼	7¼	7¼	
15	11	Terra Inds	0.14	0.9	8	777	14⅝	14⅜	14⅜	-¼
13½	8	Tesoro	0.40	3.1	4	2364	13	12⅝	12⅝	
96⅛	76½	Texaco	3.40	3.7	22	6902	92⅝	92	92	-¼
69¼	50¼	Texas Ind	0.40	0.7	6	183	60⅜	58½	59⅞	+⅛
59⅝	40½	Tdnst x	0.68	1.2	13	14750	56¾	54¼	55⅛	+⅝
32½	25⅝	Texas Pac	0.40	1.4	28	7	28¾	28⅝	28⅝	-⅛
43¼	38½	TxUtil	2.00	5.0	254	2806	39⅞	39⅜	39⅝	+⅛
1⅜	2¼	Textl Inds	1.10	36.7		9	198	3	2⅝	
88	69⅛	Textrn	1.76	2.1	18	2089	85⅞	84¼	85	+¼
5½	2½	Thackeray			25	31	2⅝	2¼	2¼	
17	11½	Thai Cap	1.80	14.8		205	13¼	12¾	12¾	+¼
27¾	19⅝	Thai Fund	0.33	1.5		638	22⅜	22	22	+⅛
44⅜	30½	ThermoBec	0.12	0.3	32	2624	41	40⅜	40½	+⅛
46⅝	32⅜	Thiokl	0.68	1.5	14	992	u46⅞	46½	46⅝	+⅛
41½	33¼	ThBett	2.24	5.5	18	1284	u41½	39⅝	41	+1½
23⅞	16¾	Thomas Ind	0.40	2.1	14	15	19½	19⅜	19⅜	+⅛
25½	21½	360Com			73	5175	24¼	23½	23½	-⅜

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8⅞	6¼	URS			11	23	8⅜	8¼	8¼	
52	49½	USR&G 4.1	4.10	8.1		11	50⅜	50¾	50½	
30½	24	USS			36	1057	29⅝	29⅜	29⅝	-¼
35⅝	29¼	UST	1.48	5.0	12	7498	29¾	29¼	29⅝	+⅛
60½	39¼	UtlL			9	5984	47¼	46¾	47¼	
24⅜	20¼	UDI Corp	1.42	8.0	18	197	23⅞	23½	23½	+⅛
59⅝	54⅝	UNC Inc			55	293	9	8⅝	8⅝	
35⅜	22⅝	Unicorn x	1.80	8.4	7	3563	25⅜	25	25⅛	+⅛
28⅜	21⅛	Unifi Inc	0.44	1.6	23	581	28¼	27½	27½	
25¾	16⅝	Unifirst	0.12	0.6	15	45	18½	18½	18½	
89	72¼	Unitvr	1.90	2.2	18	537	87	86⅜	87	
160½	130⅛	UtdNV	3.14	2.0	19	3380	158½	157⅜	157⅝	-1
53⅜	44⅞	UtdCmp	1.80	3.7	11	3087	49⅛	48¼	48⅝	+⅛
49⅞	36⅜	UtrCarb	0.75	1.6	8	3249	46¼	45½	45⅝	-⅛
25⅞	16¼	Udcn Corp			29	34	23	22⅝	22¾	-⅛
56	46½	UtdB 3.50	3.50	7.4		220	47½	47½	47½	
68	60	UtdB 4.50	4.50	7.3		3	62	62	62	
44½	36	UtdElec	2.50	6.8	12	1048	37¼	36⅞	36⅞	
74⅜	64⅛	UnPac	1.72	2.3	16	8478	73¼	72⅝	73¼	+⅛
36¼	28¼	UnionPlant	1.08	3.0	11	638	u35¼	35¼	35½	+⅛
21¼	17⅝	UnionTexas	0.20	0.9	16	1602	u21¼	20¾	21⅜	+⅛
9	5⅜	Unisys				5145	6¾	6	6¼	
7⅜	4	Unit Corp			21	155	6⅛	5⅞	5⅞	
25¼	18¼	UnMoseit x	0.84	2.7	19	431	25⅝	24¼	25⅝	+⅛
15⅜	13½	UtdDomRty	0.96	8.9	33	768	14	13⅞	14	+⅛
24⅝	19	UtdDominid	0.20	1.0	10	137	20	20	20	
69	30½	UtdHiBrnd	0.03	0.1	29	6327	41⅝	40⅞	41⅝	+⅝
68	30½	UtdHiBrnd	0.03	0.1	29	6327	41⅝	40⅞	41⅝	+⅝
18⅜	14⅛	UtdAsset	0.60	3.4	8	110	34⅝	34⅛	34⅜	+⅛
8½	4⅜	UtdIndust	0.20	3.5	52	295	5⅝	5½	5⅝	
13⅝	11¾	UtdKpdmFnd	0.42	3.1		38	13½	13½	13½	-⅛
15¼	11⅝	UPerkCity			41	2	11⅝	u11⅝	11⅝	
20¾	11⅞	USAir	0.12	0.7	8	1674	16¾	16⅜	16½	-¼
18⅝	14¼	USF&G	0.20	1.1	10	2446	18½	18⅜	18½	
34¾	16½	US Filter			63	4035	u34¾	34⅛	34⅛	
29⅜	19¼	USHome			6	533	20½	19½	20½	+1
39¼	28⅝	USLICp	0.93	3.1	13	635	30½	30	30	-⅛
43¾	19¼	USSurg	0.08	0.2	32	1752	42¾	42⅛	42½	
121⅝	90½	UtdTec	2.20	1.8	19	2727	121½	120⅜	120⅝	-⅛
17½	12	UtdWater	0.92	5.6	25	161	16½	16	16¼	+⅛
30¾	14⅜	Unitrode			13	137	22⅜	22⅝	22⅜	+⅛
40⅜	28	Univ Foods	1.00	3.1	18	731	32½	31⅞	32⅛	+⅛
20	17⅜	Univ Hlth	1.70	9.3	11	48	18½	18½	18⅜	
19¾	10½	Univar Cp	0.30	1.6	82	25	19¼	19¼	19¼	
28⅝	22¼	Univst Cp	1.02	4.0	12	737	25⅝	25½	25½	-⅛
37⅜	27⅝	Unocal	0.80	2.2	20	7347	36¾	36¼	36⅜	+⅛
65	54⅜	UNUM	1.10	1.7	17	1370	65¼	64	64⅜	-1
27½	17½	US Ind			8	1007	26¼	25⅞	26¼	+⅝
37½	27¼	USWest	2.14	7.2	11	3391	30⅜	29⅝	29¾	
23	14½	USWstM			84	2536	17¼	16⅞	16⅝	-⅛
34	17¼	USA WstSv			26	4220	32¾	31½	31½	-½
10⅛	8¾	USLIFE Inc	0.80	8.9	0	91	9	9	9	
22⅞	17¼	USX Mf	0.68	3.1	90	5821	21⅝	21⅜	21⅝	+¼
37⅞	24⅛	USX US	1.00	3.5	11	6238	29½	28¾	28½	+⅛
14⅜		10	USX Delhi	0.20	1.4	100	1911	14⅝	14	14⅜
30¾	25¾	Ultilcorp	1.76	6.4	12	231	27⅝	27⅝	27⅝	

- V -

63⅛	47⅝	VF Cp	1.44	2.4	24	1428	60¾	60⅛	60½	-⅝
29	20¼	ViacomE	0.52	2.4		754	22⅞	21⅝	21⅞	-⅛
7¼	5⅞	Valhi Inc	0.20	3.3	16	97	6⅛	6	6	
29⅞	14⅝	ValueRlty			38	1048	19½	18¾	18⅞	+⅛
11¼	9¾	ValAmCapMT	0.72	7.1		20	10¼	10⅛	10⅛	-⅛
19⅜	8¼	Vasco Intl	0.40	2.3	36	1025	18½	17	17⅜	-⅛
62⅝	40½	Varian	0.32	0.7	10	913	46	47¼	48	+⅛
36⅞	25½	Vencor			84	2219	33½	32¼	32¼	-1¼
14⅜	12¼	Vestaur x	1.08	8.2	0	15	13⅞	13	13¼	
15¼	13½	Vlad	0.64	4.6	36	1401	14½	14	14	-¼
78	68	VNSBPS.00	9.00	7.0		z10	71	71	71	
32½	17⅜	Vishay Int			17	1359	23⅞	23	23¼	-⅝
35⅜	24¼	Vivra Inc			26	967	29¼	32⅝	32⅝	-⅛
40⅜	32⅛	Vodafone	0.65	1.9	22	6537	34⅞	34½	34½	-⅛
11½	8⅝	Volumper			11	28	9	8⅝	8⅝	
44⅜	25	Von Cos			23	1453	42⅝	41¾	42⅝	+1⅜
42½	35⅝	Vmada	2.44	6.0	16	70	41¼	40½	40½	-⅜
66½	53⅛	Vulcnmt	1.96	2.8	11	526	62¼	60	60	-2¼

- W -

29¼	16½	WMS Ind			142	865	27⅜	26⅞	27	-⅛
32⅞	26⅝	WPL Holdgs	1.97	6.8	11	142	29⅜	29¼	29½	-⅛
28	17⅞	Wabsn Inc			10	1409	23¼	22⅝	22⅝	
46⅞	36⅝	Wahns	1.60	3.2	13	1468	u46⅞	46¼	46½	+⅛
15¾	11¼	WackenhutA	0.26	1.4	33	125	18⅜	17⅝	18¼	-⅛
4⅛	2½	Wainoco	0.14	4.9	5	85	3	2⅞	2⅞	-⅛
45¼	29⅛	Wmart	0.36	0.8		13075	38⅞	38⅛	38⅝	-1
30⅝	25¼	WmMcN	0.40	0.9		1330	45	44¼	44½	
47⅜	39⅛	Timberwlk	1.20	3.1	10	396	39¼	38⅞	39¼	+¼
7¾	3⅝	WarnCp			13	3699	4½	4¼	4½	+⅛
12¾	10⅝	Titan Pf	1.00	9.2		9	11	10⅞	10⅝	-⅛
7¾	5⅞	Todd Shp			15	70	6⅝	6½	6½	
10¾	6⅝	Tohnelm Co	0.56	8.0	36	112	6½	9⅜	9⅜	-⅛
23½	14⅝	Toll Bros			11	556	18⅝	16½	16⅝	-⅛
59⅜	32⅜	TomHr			52	1067	u59⅜	58¾	59¼	+1⅛
40⅞	33⅞	Tootsie Rl x	0.25	0.7	19	124	35¾	34⅞	35⅜	+⅛
49⅞	40¼	Tchmrk	1.16	2.5	20	835	46¼	46¼	45⅝	
39¼	30	Toro Corp x	0.48	1.4	11	282	33½	33¼	33¼	
56⅜	37	Torrco x	0.64	1.2	15	1076	55	54⅞	54⅞	+¼
21¾	11⅞	TotalSyst s	0.09	0.3	108	181	28¼	25⅝	26	+⅛
30⅞	20½	ToysRUs			64	9144	29¼	28¼	28⅝	+⅛
26	23¼	Transaminc x	1.92	7.9	10	10	24½	24⅜	24⅜	
84½	67	TmsAm4	2.00	2.9	10	1217	71⅝	69⅝	69⅝	-1⅜
75¼	62⅜	Transallen	0.48	0.7	10	1579	68⅛	67½	68	+⅛
11½	8¼	Transcnt R	0.40	4.0	8	13	10¼	9⅝	10	
11	5½	Transpro x	0.20	2.5	7	42	8¼	8	8	-⅛
21¾	11⅞	Transtech	0.26	1.4	12	3	18	18	18	
48⅞	37⅜	Travlr	0.80	1.2	11	8474	u48⅞	49⅛	48⅝	+⅛
36	20½	Tredegar	0.24	0.7	11	75	34⅞	33½	33½	-⅞
36	30⅛	TriCont2.5 x	2.50	7.4		30	34	33⅞	33⅞	-⅛
14⅜	10	Triarc			7	705	12½	11¾	12	
79	56⅝	Tribune	1.20	1.5	14	2688	78½	77⅜	78	+¼
25¼	20¼	TriCon x	0.64	2.6		386	25	24⅞	25	+⅛
38¼	30⅜	Trinity	0.68	2.0	11	3025	33¾	33⅛	33⅜	
36	27¼	Trinova	0.80	2.5	9	1156	32⅜	31½	31½	-⅝
50	40	TriNnA	0.10	0.2	55	1242

Dow takes positive line on economy

AMERICAS

Signs of continued strength in the economy sent US shares higher at midsession, putting the Dow Jones Industrial Average on course for another closing record high, in spite of some weakness in the bond market and the technology sector, *writes Lisa Bransten in New York.*

At 1 pm, the Dow Jones Industrial Average was up 31.81 at 5,904.73, the Standard & Poor's 500 slipped 3.18 at 689.37 and the American Stock Exchange composite added 3.23 at 571.70. Volume on the New York Stock Exchange came to 201m.

Bonds slipped on news that the rate of new home sales jumped in August, in spite of the run-up in interest rates seen in the early part of this year.

That news was unsettling for investors hoping that the Federal Reserve would not raise interest rates this year and helped to intensify the focus on data on September employment, due out on Friday.

Technology shares were mixed on the heels of Microsoft's warning, late on Friday, that its operating margins might decrease next year, which sent jitters through some technology companies. The technology rich Nasdaq composite added 0.97 at 1,231.04 and the Pacific Stock Exchange technology index was 0.4 per cent stronger.

Shares in Microsoft, the largest company on the Nasdaq, shed $1⅛ at $133¼ and Intel, the Nasdaq's second largest company, fell $⅝ to $96.

Several large technology companies managed gains. IBM, which is a component of the Dow, added $1¾ at $126½. Hewlett-Packard rose $1¼ at $48⅞, Texas Instruments climbed $1⅛ at $55⅝ and Dell Computer advanced $2¼ at $78¼.

Shares in ADT fell $⅜ or 4 per cent to $19 on news that plans to merge with Republic industries had been terminated. The shares, which had fallen in recent sessions on rumours that the deal might fall apart, were at $19 the day before Republic launched its bid for the company. Shares in Republic added $1⅞ or 7 per cent at $29¾.

Boise Cascade added $1¼ or 4 per cent at $33⅜ on news that it had agreed to sell part of its coated paper business to Mead for about $650 in cash. Mead shares added $¾ at $59 on the news.

TORONTO moved lower during morning trading, pushed down by the shakeout in gold shares which left the golds index 1.5 per cent lower. At noon, the TSE-300 composite index was off 2.24 at 5,298.81.

Dull sentiment affected most industrials. Alcan dipped 5 cents to C$40.95 and Seagram fell 40 cents to C$51.60. Northern Telecom put on 30 cents to C$79.80, and banks also improved. Toronto Dominion Bank added 30 cents to C$27.70.

Caracas slows down

CARACAS paused for breath after Friday's record-setting 5.3 per cent surge and by midsession the IPB index was 9.40 weaker at 5,441.12.

Analysts noted that although foreign investors' appetite for local equity had slackened, they were still buyers during the morning session; this helped to support prices.

MEXICO CITY edged back in cautious trade ahead of third quarter results and in response to a mixed performance by the market heavyweights. The IPC index at midsession was 2.10 easier at 3,234.69.

SAO PAULO held steady as investors awaited Thursday's municipal poll, which some analysts saw as a referendum on the president's popularity. By midsession the Bovespa index was 82 weaker at 64,507.

Demand for quality as Paris moves ahead

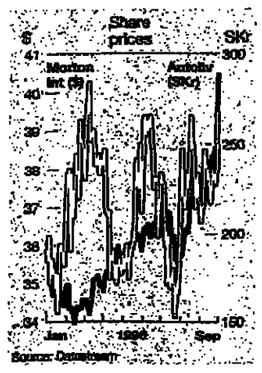
EUROPE

A good showing by the dollar, early gains on Wall Street and an upbeat expiry for September derivatives contracts kept **PARIS** moving forward in good two-way volume.

Demand for quality stocks took LVMH, Saint Gobain and Carrefour up by more than 2 per cent each with gains of FFr22 to FFr1,121, FFr14 to FFr700 and FFr65 to FFr2,899 as the CAC-40 index rose 25.76 to 2,132.81. Renault rose FFr1.10 to FFr123.1 ahead of this week's opening of the Paris motor show, at which the car maker is launching two new models.

The suspension of trading in Eurotunnel caused some bank shares to wobble nervously. Among those heavily exposed to Eurotunnel debt, BNP put on FFr2.60 to FFr195.50, but Crédit Lyonnais shed FFr5.90 to FFr134. Société Générale, meanwhile, fell FFr6 to FFr571 following a downgrade from Merrill Lynch, which moved from accumulate to neutral.

STOCKHOLM was enlivened by merger news which drove Autoliv, the car safety group, 21 per cent higher at one stage as otherwise quiet trade left the Affärsvärlden General index 2.2 weaker at



2,091.3. Autoliv soared to a high of SKr304 before turning back to close SKr33 better at SKr286 on unexpected news that the company planned to merge with the safety airbag operations of Morton International of the US.

Mr Christian Diebitsch at Paribas Capital Markets said that the merger was seen as very positive for both companies. Important synergies would be available in the manufacture of components while the merger would also enhance significantly the presence of both companies sales operations in Europe and the US.

FRANKFURT extended its consolidation following last week's highs. Turnover fell again, from DM6.7bn to DM5.5bn, and the Dax index closed 4.37 lower at 2,655.49 for a gain of nearly 5 per cent in September, and almost 18 per cent over the first nine months of 1996.

However, traders noted that foreign investors were making friendly noises about German equities. Salomon Brothers, in a recent study, saw the market "at the dawn of a new era" and put its Dax target at 3,050 for the end of 1997; HSBC James Capel maintained an overweight rating on the sector; and CS First Boston, upgrading Germany from underweight to overweight, believed that the country would be "the shareholder value success story of the next five years".

MILAN overcame profit-taking as a positive view of the Italian budget proposals reasserted itself. The Comit index finished 2.53 higher at 635.79.

Eni, the energy group, gained L111 to L7,802, in demand ahead of the government's placement of a second tranche at the end of this month. Olivetti rose L30.1 to L558 as investors awaited official half year earnings details later in the day, ahead of meetings with analysts in Milan and London later in the week.

Benetton, the retailer, lost L600 to L17,150 amid confusion over reports that Benetton Sportsystem, the sporting equipment company which is a subsidiary of Edizione and not of the quoted clothing group, might soon be floated in New York.

AMSTERDAM hit another all-time high but volume was low and trading was said to be mostly intra-market. The AEX index finished 0.58 ahead at 575.26.

KNP BT continued to slide as traders digested Friday's news of retrenchment with the group's paper operations. The shares shed Fl 1.60 to Fl39.80 for a two-day decline of Fl 2.

Unilever came off Fl 2.40 to Fl 268.80 after a leading London broker turned seller on Unilever Limited, the UK half of the Anglo-Dutch foods to detergents giant.

Media stocks were in demand. VNU rose Fl 1.50 to Fl 33.30 and Wolters Kluwer gained Fl 6.30 to Fl 213.80.

ZURICH overcame early lethargy and the SMI index pushed through resistance around the 3,700 point level as blue chips and dollar sensitive shares carried the market higher. The SMI index finished 39.8 up at 3,736.4.

Roche certificates rose SFr105 to SFr9,235 after the company announced a collaboration agreement to develop and market treatments for viral influenza. Ciba rose SFr18 to SFr1,604 and Sandoz was up SFr17 at SFr1,506 as the companies pressed ahead with their planned merger.

Elektrowatt, the building controls and power group, recouped most of its early losses to finish SFr2 weaker at SFr493 on disappointment that the company remained mute at its news conference on a possible sale of CS Holding's 44.9 per cent stake. Speculation about a merger with Motor Columbus drove both stocks higher last week.

Financials were mostly higher. UBS overcame technical resistance to finish SFr12 higher at SFr1,207.

OSLO moved lower following a profits warning from the energy giant and market leader, Norsk Hydro. The Oslo total index closed off 5.41 at 839.85.

In a debt issue prospectus, Norsk Hydro said that dull aluminium prices plus a possible North Sea write-off would hit second half 1996 profits. The shares ended off NKr8.50 at NKr304.50.

TEL AVIV followed a two-day tumble of 6.3 per cent, following clashes between Palestinians and Israeli troops in which nearly 70 people were killed, with a technical correction which left the Mishtamim index 2.44 higher at 186.72. However, sentiment was mixed, some traders saying that the mood of the market was still distinctly negative.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

Sep 30 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	1722.41	1721.77	1721.48	1721.01	1721.42	1722.60	1723.70	1724.86
FTSE Eurotrack 200	1775.10	1774.72	1774.26	1773.38	1774.35	1776.54	1779.80	1780.43

	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23
FTSE Eurotrack 100	1723.44	1718.77	1711.38	1698.31	1696.50
FTSE Eurotrack 200	1777.16	1767.69	1760.57	1749.99	1750.10

Base value 1000 (29/12/93); Highs/lows: 100 - 1725.22; 200 - 1780.43 Lows/lows: 100 - 1720.68 200 - 1773.05. † Partial.
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Twist in Thai political tale lifts Bangkok 4.9%

ASIA PACIFIC

The latest twist in the Thai political story sent **BANGKOK** shooting ahead. At the close, the SET index stood at 1,099.01, up 51.06 or nearly 5 per cent after news that Thailand goes to the polls on November 17.

Turnover leapt to Bt13.3bn compared with last week's daily average of around Bt4bn. Buying was described as across the board. "There are signs that longer term investors have begun to step back into the market," said one analyst.

The date for the general election was set on Friday when Mr Banharn Silpa-archa, the prime minister, dissolved parliament and resigned.

TOKYO fought off profit taking pressure to register its fifth consecutive day of gains, *writes Gwen Robinson.*

The Nikkei 225 average, however, rose by a mere 9.39 to 21,556.40 after moving between 21,494.31 and 21,590.44.

High technology and telecommunications stocks drew buying interest from foreign investors encouraged by the continuing strength of the dollar against the yen and government plans for further deregulation in the communications field.

Real estate-related issues benefited from expectations that the coming election will result in specific measures by the next government to support property prices.

Traders said that as the market goes into the second half of the current fiscal year, real estate, high technology and telecommunications were emerging as the "three main pillars" of investor interest.

The Topix index of all first-section stocks rose 5.30 to 1,627.55 and the capital-weighted Nikkei 300 index by 1.26 at 304.67. Volume fell from 350.6m shares to an estimated 268m. Advances led declines by 586 to 432 with 214 unchanged.

In London, the ISE/Nikkei index rose 1.77 to 1,471.96.

Traders noted that many domestic institutional investors stayed on the sidelines as corporate books were closed at the end of the first half of the fiscal year.

However, semiconductor-related issues sustained last week's strong buying interest, particularly among foreign investors encouraged by the continuing strength of the dollar against the yen and favourable business sales for chips in foreign markets.

Toshiba, the most active stock for the second day in succession, rose a further Y7 to Y771. Mitsubishi Electric advanced Y20 to Y760, Oki Electric Industry Y14 to Y763, and Sony Y30 to Y7,030.

Among property developers, Mitsubishi Estate gained Y20 to Y1,530, and Mitsui Fudosan Y20 to Y1,480. Telecommunications issues such as NTT, DDI, and NTT Data benefited from investor expectations of further deregulation in the industry.

In Osaka, the OSE average rose 97.16 to 22,267.90 in volume of 53.2m shares.

HONG KONG finished at its highest level since February 4, 1994 on an improved outlook for interest rates and upward revisions in corporate earnings forecasts.

The Hang Seng index rose 143.04 to 11,902.43 in active turnover of HK$6bn. Properties led the market for most of the day, with a gain of 1.9 per cent.

The actively traded Cheung Kong added HK$2 to HK$59.50. Sun Hung Kai Properties was also at peak levels, putting on HK$1.50 to HK$82.25 ahead of tomorrow's annual results.

SYDNEY closed higher as investors squared portfolios for the end of the September quarter, and on talk of an interest rate cut by the National Bank of Australia.

The All Ordinaries index gained 7.4 at 2,290.4. Resource stocks were mixed. CRA added five cents to A$19.00, but BHP eased 15 cents to A$16.20. Coles Myer, the big retailer, dipped two cents to A$4.59 ahead of today's full year results.

WELLINGTON moved steeply lower after a large seller was said to have entered the market. The NZSE 40 capital index ended 31.76 off at 2,190.26.

In spite of a solid poll showing by the government ahead of the October 12 election, and end-quarter buying, leading stocks fell across the board. NZ Telecom shed 13 cents to NZ$6.72 and Carter Harvey Holt fell a similar amount to NZ$3.15.

KUALA LUMPUR's small capitalisation stocks tumbled by 4.7 per cent as investors reaped gains made in recent weeks while blue chips rebounded slightly in late trading.

The Second Board index closed down 27.99 at 567.59 while the composite index added 4.68 at 1,135.27.

Ekran fell 20 cents to M$10.80 as investors became nervous over the postponement of the signing of the contract between the company, Asea Brown Boveri and Brazil's CBPO for construction of the Bakun hydro-electric dam.

SEOUL feared that foreigners would not jump into the market as actively as originally hoped when the foreign shareholdings ceiling was lifted today. The composite index ended 3.54 down at 789.67, off a high of 804.68.

Among individual stocks, Yukong closed at its upper limit of Won21,000, up Won1,100 on news that it had designed an emission filter for cars.

Korea Mobile Telecom, which does not have shares available for further foreign investment, fell Won18,000 to Won522,000.

BOMBAY was weak but off its lows as investors covered short positions after the criminal court postponed a hearing involving Mr P. V. Narasimha Rao, the former prime minister, until next week. The BSE-30 index ended 14.22 down at 3,240.51 after a low of 3,205.23.

S Africa dips on weak gold

Shares in Johannesburg fell sharply on the back of a weak bullion price and investor disappointment with the August trade figures. The overall index closed down 55.2 at 6,878. Industrials fell 48.6 to 8,130.6 and golds came off 43.3 at 1,653.7.

Golds fared badly. The bullion price dipped down through $380 at the close in London, and there was said to have been a significant run on gold mining shares. Freegold shed R1.75 to R43.25 and Vaal Reefs came off R10 to R370.

Among non-golds, Stanbic retreated R6 to R187 and Nampak came off 40 cents to R19.50. Amic closed R4 lower at R160.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1996	Start of 1996	Start of 1996
Austria	+0.62	+1.20	+6.10	+8.60	+1.25	+1.99
Belgium	+0.32	+4.51	+19.72	+10.92	+3.28	+4.03
Denmark	-0.06	+2.61	+19.92	+17.05	+10.07	+10.87
Finland	+2.00	+1.66	-12.94	+19.84	+13.33	+14.14
France	+1.03	+5.95	+18.80	+15.00	+8.39	+9.17
Germany	+0.64	+4.25	+19.39	+15.69	+7.86	+8.64
Ireland	+2.61	+6.47	+23.73	+18.65	+17.77	+18.62
Italy	+6.19	+6.19	-1.83	+3.58	+7.22	+7.99
Netherlands	+0.83	+4.29	+24.68	+17.45	+9.33	+10.11
Norway	+0.35	+3.15	+11.11	+12.86	+8.95	+9.73
Spain	+2.28	+4.46	+25.07	+15.39	+8.46	+9.25
Sweden	+1.39	+4.68	+15.37	+21.25	+20.32	+21.19
Switzerland	+0.22	+1.51	+22.36	+11.38	+1.32	+2.05
UK	-0.49	+1.60	+12.98	+7.34	+7.34	+8.11
EUROPE	+0.60	+3.27	+16.06	+11.72	+7.64	+8.41
Australia	+2.31	+0.91	+6.41	+2.24	+8.05	+8.82
Hong Kong	+1.24	+4.34	+18.92	+15.18	+14.34	+15.17
Japan	+2.07	+5.58	+11.92	+2.49	-5.28	-4.60
Malaysia	-0.15	+1.92	+12.66	+14.77	+15.36	+16.19
New Zealand	-0.65	-0.03	+3.97	+1.68	+8.18	+8.96
Singapore	-0.76	+0.43	+8.43	-1.41	-1.67	-0.96
Canada	+0.31	+3.81	+19.53	+14.20	+13.39	+14.21
USA	-0.06	+5.19	+17.63	+11.36	+10.56	+11.36
Mexico	-2.47	-2.11	+35.96	+16.51	+18.20	+19.05
South Africa	-0.36	+3.46	+22.62	+12.05	-10.56	-9.92
WORLD INDEX	+0.60	+4.50	+15.73	+9.36	+5.85	+6.62

† Based on September 27th 1996. © Copyright, FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. 1996. All rights reserved.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	FRIDAY SEPTEMBER 27 1996 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY SEPTEMBER 26 1996 — US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 52 week High	52 week Low	Year ago (approx)
Australia (78)	208.80	0.4	198.07	144.86	169.88	173.71	0.5	4.38	205.90	195.37	143.66	162.89	172.84	212.18	179.77	183.82
Austria (24)	178.00	0.2	168.78	124.68	141.06	140.95	0.4	1.99	177.62	168.53	123.93	140.52	140.41	185.04	168.11	179.22
Belgium (27)	217.57	-0.3	206.28	152.41	172.42	188.57	-0.1	3.96	218.22	207.06	152.26	172.63	188.47	218.69	190.88	194.38
Brazil (28)	181.62	-1.3	172.20	127.22	143.93	341.20	-1.3	1.90	184.03	174.61	128.40	145.59	345.58	189.70	123.97	149.27
Canada (117)	169.53	0.1	160.73	118.75	134.34	167.42	-0.1	2.13	169.29	160.63	118.12	133.93	167.66	169.95	134.14	143.49
Denmark (30)	320.15	-0.2	303.53	224.25	253.70	254.77	-0.1	1.80	320.77	304.36	223.81	253.75	255.05	321.85	276.89	281.98
Finland (23)	213.53	0.4	202.45	149.57	169.21	204.30	0.2	2.44	212.70	201.82	148.41	168.27	203.89	265.87	171.73	257.97
France (93)	195.86	0.0	185.70	137.20	155.21	158.28	0.1	3.07	195.93	185.91	136.70	155.00	158.17	198.39	167.70	172.76
Germany (58)	177.83	-0.5	168.60	124.57	140.92	140.92	-0.3	1.74	178.73	168.59	124.71	141.40	141.40	179.28	155.66	159.11
Hong Kong (59)	446.50	0.9	423.33	312.76	353.83	443.31	0.9	3.45	442.44	419.81	308.70	350.02	439.23	451.19	354.67	375.54
Indonesia (27)	205.02	-0.7	194.38	143.61	162.47	291.63	-0.7	1.85	206.35	195.80	143.98	163.25	293.53	–	–	–
Ireland (16)	303.08	1.3	287.35	212.30	240.18	266.52	1.3	3.37	299.24	283.93	208.79	236.73	263.19	303.08	241.27	245.57
Italy (58)	79.59	3.7	75.46	55.75	63.07	90.46	3.6	2.38	76.78	72.85	53.57	60.74	87.32	84.53	67.22	78.89
Japan (481)	147.61	0.3	140.14	103.54	117.14	103.54	0.7	0.74	147.43	139.89	102.86	116.63	102.86	164.68	137.75	145.26
Malaysia (107)	569.65	-0.1	534.41	394.82	446.67	544.44	0.0	1.21	563.93	535.08	393.47	446.13	544.66	585.09	425.77	498.25
Mexico (19)	1233.12	0.3	1169.13	863.77	977.20	10166.28	0.3	1.32	1229.27	1166.39	857.89	972.48	10133.88	1325.65	791.99	1070.23
Netherland (19)	300.30	-0.1	284.72	210.35	237.98	234.35	0.1	3.13	300.52	285.15	209.66	237.74	234.17	304.24	251.81	257.67
New Zealand (15)	86.80	-0.5	82.26	60.80	68.78	85.78	-0.8	4.17	87.25	82.79	60.88	69.03	68.21	87.62	75.94	78.23
Norway (35)	253.79	-0.2	240.62	177.77	201.12	223.65	-0.1	2.26	254.34	241.34	177.46	201.21	224.16	258.94	222.24	236.03
Philippines (22)	203.67	-0.6	193.30	142.81	161.56	266.70	-0.6	0.61	205.05	194.56	143.07	162.22	268.24	–	–	–
Singapore (44)	403.31	-0.1	382.36	282.51	319.61	281.71	-0.1	1.07	403.79	383.14	281.74	319.44	282.00	465.21	361.94	366.43
South Africa (44)	347.11	0.1	329.10	243.14	275.07	344.02	0.1	2.23	346.74	329.00	241.93	274.31	343.77	437.76	314.20	351.97
Spain (37)	180.47	-0.6	171.10	126.41	143.01	175.20	-0.5	3.35	181.48	172.20	126.62	143.57	176.00	183.85	145.15	150.15
Sweden (48)	378.22	0.7	358.59	264.93	299.72	371.26	0.4	2.31	375.75	356.53	262.17	297.26	369.92	378.22	294.19	310.35
Switzerland (37)	240.82	-0.5	228.32	168.69	190.84	187.51	-0.1	1.67	241.91	229.54	168.79	191.38	187.71	254.34	214.08	214.68
Thailand (45)	138.09	-0.7	130.92	96.73	108.43	136.22	-0.6	2.52	139.04	131.93	97.01	110.00	137.10	193.95	128.90	163.22
United Kingdom (200)	248.24	0.4	235.30	174.58	197.51	235.30	0.3	4.05	248.30	235.60	173.24	196.43	235.60	250.30	220.85	221.61
USA (623)	279.79	0.0	265.27	196.99	221.72	279.79	0.0	2.12	279.89	265.39	195.15	221.27	279.69	279.95	236.38	237.85
Americas (787)	255.84	0.0	242.56	179.21	202.74	215.10	0.0	2.11	255.76	242.68	178.45	202.34	215.08	256.00	215.17	217.38
Europe (705)	217.77	0.2	206.47	152.54	172.58	169.82	0.2	3.02	217.37	206.25	151.66	171.96	169.37	218.16	191.44	193.53
Nordic (136)	323.19	0.4	306.42	226.38	256.11	276.81	0.2	2.24	321.90	305.43	224.59	254.65	276.21	323.19	261.13	266.06
Pacific Basin (878)	162.11	0.3	153.70	113.56	128.47	115.26	0.6	1.20	161.66	153.39	112.79	127.89	114.57	177.01	148.86	156.82
Euro-Pacific (1583)	185.17	0.2	175.56	129.71	146.74	143.40	0.4	2.09	184.74	175.29	128.90	146.15	142.80	190.57	166.51	172.02
North America (740)	279.07	0.0	258.90	191.28	216.40	272.34	0.0	2.12	272.96	259.00	190.45	215.94	272.27	273.13	230.17	232.02
Europe Ex. UK (505)	195.96	0.1	185.60	137.27	155.29	162.85	0.2	2.45	195.81	185.80	136.62	154.91	162.53	196.73	170.51	174.05
Pacific Ex. Japan (397)	291.56	0.4	276.43	204.23	231.05	251.49	0.4	2.95	290.52	276.66	202.71	229.84	250.54	296.68	243.59	257.29
World Ex. US (1791)	188.77	0.2	177.08	130.83	148.01	148.21	0.4	2.09	186.36	176.83	130.03	147.43	147.65	191.55	167.36	173.00
World Ex. UK (2214)	212.49	0.1	201.46	148.84	168.39	181.04	0.2	1.91	212.25	201.39	148.09	167.91	180.63	213.05	185.61	190.06
World Ex. Japan (1933)	252.36	0.1	239.26	176.77	199.98	238.74	0.1	2.48	252.09	239.20	175.89	198.43	238.47	252.36	217.26	219.00
The World Index (2414)	215.68	0.1	204.48	151.08	170.92	186.04	0.2	2.10	215.38	204.36	150.27	170.39	185.62	215.68	188.87	192.83

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CONSTITUENT CHANGES: deletions: with effect 1/10/96: Honshu Paper (Japan); with effect 2/10/96: The Toronto Sun Publishing Corp. (Canada). Latest prices were unavailable for this edition.

shareholder information

At FF 1.9 billion

The first six months of 1996 were highlighted by the solid earnings posted by non-life insurance operations, and the excellent performance of American financial services subsidiaries.

Consolidated net income (including minority interests) stood at FF 3.041 billion, while net income, Group share totalled FF 1.977 bilion, for a year on year increase of 51.8%.

Strong Earnings Growth:

Several factors contributed to this growth:

solid earnings in non-life insurance operations posted in France, and significant increases in most other countries as well;

significant earnings growth recorded by American financial services subsidiaries Donaldson Lufkin & Jenrette and Alliance Capital;

consolidation of Australian group National Mutual in 1996 half-year financial statements;

It should be noted that these results were obtained despite:

an exceptional charge resulting from a change accounting principle at the US life segment;

start-up costs related to the development of life operations in Japan, and non-life direct selling operations in Germany and France.

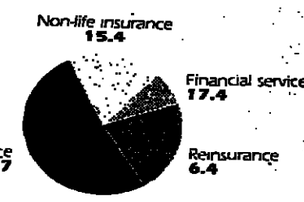
Contribution to net income, Group share by activity

In millions of French Francs	30.6.95	30.6.96
Life insurance	555	504
Non-life insurance	320	610
Reinsurance	193	221
Financial services	397	618
Holding companies	(163)	24
Total	1,302	1,977

Revenue growth

In the first six months of 1996, AXA S.A. revenues were up 23.1%, totalling FF 81.9 billion. This increase can be attributed largely to the incorporation of National Mutual into the scope of consolidation for the 1996 half-year financial statements. On a comparable structural, accounting and currency basis, revenues increased by 8.7%.

Breakdown in revenues by activity
(in billions of French Francs)



Net earnings per share

Net earnings per share rose 33.1% year on year, to 10.57 French Francs.

AXA

The results are available on INTERNET : http://www.axa.com.

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